FBNQuest Funds

Opportunity is your future

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2019

An FBN Holdings Company

FBNQUEST FUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

TABLE OF CONTENTS

CORPORATE INFORMATION

Registered address

38/39, Marina, Lagos

Business office

16 Keffi Street,

Off Awolowo Ikoyi

Lagos

Bankers

First Bank of Nigeria Limited
Samuel Asabia House
35 Marina, Lagos.

Auditors

PricewaterhouseCoopers (Chartered Accountants)
5B Water Corporation Road, Landmark Towers
Victoria Island, Lagos.

DIRECTORS' REPORT

The directors present their annual report on the affairs of FBNQuest Funds Limited ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2019.

(a) Legal form

The Company was incorporated on 14 November 2002 in Lagos. It commenced operations on 1 April 2003. The registered address of the company is 38/39, Marina, Lagos. It is a wholly owned subsidiary of FBNQuest Capital Limited. FBN Holdings Plc is the ultimate parent company. In 2017, the directors of the company approved the change of the Company's name from FBN Funds Limited to FBNQuest Funds Limited. Approval for the change of name was obtained from SEC on December 18, 2017.

(b) Principal activity

The principal activity is to carry on venture capital and private equity business by providing risk capital such as equity and quasi-equity instruments to medium-sized enterprises while delivering attractive financial returns.

(c) Operating results

Highlights of the Company's operating results for the year are as follows:

	2019 N'000	2018 N'000
Gross earnings	389,299	1,030,747
Profit before taxation	149,584	617,905
Taxation	(3,316)	(322,101)
Profit after taxation	146,268	295,805

(d) Directors and their interests

The Directors who served during the year and up to the date of this report are as follows:

Mr. Ike Onyia	Chairman
Mr. Bunmi Asaolu	Director
Mrs. Ijeoma Agboti	Managing Director

The directors are representatives of the parent company, FBNQuest Capital Limited, and have no direct or indirect holdings in the Company required to be disclosed under section 275 of the Companies and Allied Matter Act (CAMA).

(e) Directors' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, none of the directors had a direct or indirect interests in any contracts or proposed contracts with the Company during the year.

(f) Property and equipment

Information relating to changes in property and equipment is given in Note 17 to the financial statements. In the directors' opinion, the realisable value of the Company's properties is not less than the value shown in the financial statements.

(g) Shareholding analysis

The Company is wholly owned by FBNQuest Capital Limited.

(h) Donations and charitable gifts

The Company did not make any donations or charitable gifts in 2019 (2018: nil).

(i) Approved by the Board of Directors on 5 March 2020

There were no post balance sheet events which had a material effect on the state of affairs of the company as at 31 December 2019 and on the profit for the year ended.

DIRECTORS' REPORT (CONTINUED)

(j) **Human resources**

Health, safety and welfare at work
The Company places a high premium on the health, safety and welfare of its employees in their place of work. Medical facilities are provided for employees and their immediate families at the company's expense, up to stated limits.

Employment of disabled persons
The Company has no disabled persons in its employment. However, applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

(k) **Employee consultation and training**
The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Company. The Company organises in-house and external training for its employees.

(l) **Auditors**
PricewaterhouseCoopers has indicated its willingness to continue in office as auditors in accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Tolu Adetugbo
FRC Number is FRC/2017/NBA/00000016157
Company Secretary
Lagos, Nigeria

5 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and complies with the requirements of the Companies and Allied Matters Act;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, that are consistently applied.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the period. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Ijeoma Agboti	Ike Onyia
Managing Director	Chairman
	FRC/2017/IODN/00000017672
5 March 2020	5 March 2020

Independent auditor's report

To the Members of FBNQuest Funds Limited

Report on the audit of the financial statements

Our opinion

In our opinion, FBNQuest Funds Limited's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

FBNQuest Funds Limited's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2019;
- the statement of financial position as at 31 December 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted equities (N4.66billion) included in fair value through profit or loss financial assets We focused on this area because of the relative size of the balance and the significant judgements and estimates in respect of valuation of fair value through profit or loss financial assets, which solely comprise of unquoted equities. For financial assets acquired during the year, the directors considered the transaction prices as the best estimate of market value. For financial assets not acquired during the year, the judgements exercised by the Directors include the determination of the approach to the valuation, selecting the appropriate comparable companies and choosing illiquidity and efficiency discount rates. See notes 2.10.1c, 3.5.1, 4 and 15.1 of the financial statements.	We obtained the valuation reports from management and adopted a substantive approach to test this balance For financial assets acquired during the year, we assessed the reasonableness of the approach for the management's determination of fair value by tracing the related transaction prices to supporting documents. For financial assets not acquired during the year, we tested the reasonableness of the valuation approach by; • assessing the comparability of the companies through checking the industry, company size and growth profile of the markets; • independently verifying the Enterprise Value (EV) to Revenue Multiple of comparable companies to publicly available sources; • assessing the reasonableness of the illiquidity and efficiency discount rates and challenging the rates applied where significant differences were noted; and • developing our own estimate of reasonable valuation range and testing whether the estimates fell within the range determined. We checked the adequacy of the presentation and disclosure on the financial statements.

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Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value through other comprehensive income (OCI)- convertible debt notes and preference shares The convertible debt notes and preference shares included in fair value through other comprehensive income financial assets as at 31 December 2019 was N104.62 million and N23.59 million respectively. We focused on this area because of the subjective judgement involved in determining the fair value of the convertible debt notes and preference shares using discounted cash flow (DCF) valuation technique. Key areas of judgement include: • Identifying the appropriate valuation technique; and • Estimation of future cash flows; • Determination of the Weighted Average Cost of Capital (WACC) See notes 2.10.1b, 3.5.1, 4 and 15.2 of the financial statements.	We adopted a substantive approach to testing management's independent valuation of all convertible debt notes and preference shares financial assets performed using discounted cashflow technique. Specifically, we: • reviewed the appropriateness of the valuation technique adopted; • tested the reasonableness of the weighted average cost of capital; • challenged the cash flow forecasts by assessing the reasonableness of the forecasts against repayment per the underlying contract document; and • performed an independent valuation of the convertible debt notes and preference shares financial assets by comparing the results of the valuation performed to the management's estimates. We checked the adequacy of the presentation and disclosure on the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Directors Report, Statement of Directors' Responsibilities, Value Added Statement and Five-Year Financial Summary, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Obioma Ubah

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
14/ICAN
0647803

20 March 2020

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

Engagement Partner: Obioma Ubah
FRC/2013/ICAN/00000002002

THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income Statement	Note	31 December 2019 N '000	31 December 2018 N '000
Interest income	5	143,461	121,981
Dividend income	6	125,378	94,107
Other income	7	3,585	790
Exchange gain on foreign currency translations	8	8,879	30,033
Fair value loss on financial assets at fair value through profit or loss	9	(130,962)	557,921
Realized gain on exit of assets	10	219,208	165,921
Recoveries from SMEEIS investment	11	19,750	59,994
TOTAL		**389,299**	**1,030,747**
Impairment		470	(1,350)
Operating expenses	12	239,245	414,192
TOTAL EXPENSES		**239,715**	**412,842**
PROFIT BEFORE TAX		**149,584**	**617,905**
Tax expense	13	(3,316)	(322,101)
PROFIT AFTER TAX		**146,268**	**295,804**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
- Fair value gain/(loss) on financial assets fair value though OCI		(1,577)	(75,118)
- Net changes in allowance in FVOCI instruments		54	-
OTHER COMPREHENSIVE GAIN (LOSS)		**(1,523)**	**(75,118)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**144,745**	**220,687**

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

THE STATEMENT OF FINANCIAL POSITION

	Note	31 December 2019 N '000	31 December 2018 N '000
ASSETS			
Cash and cash equivalents	14	1,697,772	25,627
Financial assets:			
Fair value through profit or loss	15.1	4,656,508	5,632,039
Fair value through other comprehensive income	15.2	212,611	439,332
Amotized cost	15.3	1,207,062	1,188,578
Prepayments	16	9,600	5,427
Property and equipment	17	1,338	1,072
Right of use assets	18.1	3,169	-
Deferred tax	19	9,548	9,548
TOTAL ASSETS		7,797,608	7,301,623
EQUITY AND LIABILITIES			
LIABILITIES			
Other liabilities	20	865,587	190,872
Tax payable	21	81,014	257,733
Lease liability	18.2	3,244	-
Deposit for shares	22	2,928,219	2,928,219
TOTAL LIABILITY		3,878,064	3,376,824
EQUITY			
Share capital	23	150,000	150,000
Share premium	24	1,900,000	1,900,000
Other equity reserves	25	1,575,398	1,575,398
Fair value reserves		(85,559)	(84,036)
Retained earnings		379,705	383,437
TOTAL EQUITY		3,919,544	3,924,799
TOTAL EQUITY AND LIABILITY		7,797,608	7,301,623

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Ike Onyia (Chairman)
FRC/2017/IODN/00000017672

Ijeoma Agboti (Managing Director)

Ayorinde Banjoko (Chief Financial Officer)
FRC/2016/ICAN/00000013873

Approved by the Board of Directors on 5 March 2020

THE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Fair value reserves	Other equity reserves	Retained earnings	Total
	N '000	N '000	N '000	N '000	N '000	N '000
At 1 January 2019	150,000	1,900,000	(84,038)	1,575,398	383,437	3,924,797
Profit for the year	-	-	-	-	146,268	146,268
Other comprehensive income or loss						
Dividend paid during the year	-	-	-	-	(150,000)	(150,000)
Fair value gain on financial assets through other comprehensive income	-	-	(1,577)	-	-	(1,577)
Net changes in allowance in FVOCI instruments			54			54
Total comprehensive income	-	-	(1,523)	-	(3,732)	(5,255)
At 31 December 2019	150,000	1,900,000	(85,561)	1,575,398	379,705	3,919,542
At 1 January 2018	150,000	1,900,000	(8,919)	1,575,398	667,148	4,283,627
Profit for the year	-	-	-	-	295,804	295,804
Other comprehensive income or loss						
Dividend paid during the year					(579,515)	(579,515)
Fair value gain on financial assets through other comprehensive income	-	-	(75,118)	-	-	(75,118)
Balance transferred from First Funds Trust Ltd	-	-	-	-	-	-
Total comprehensive income	-	-	(75,118)	-	(283,711)	(358,829)
At 31 December 2019	150,000	1,900,000	(84,038)	1,575,398	383,437	3,924,798

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

THE STATEMENT OF CASHFLOWS

	Note	31 December 2019 N '000	31 December 2018 N '000
Cash flows from operating activities			
Profit before income tax		149,584	617,905
Adjustment for:			
Interest income	5	(143,461)	(121,981)
Gain on financial assets	10	(219,208)	(165,921)
Fair value loss on financial assets at fair value through profit or loss	9	130,962	(557,921)
Dividend income	6	(125,378)	(94,107)
Foreign exchange gain on currency translations	8	(8,879)	(30,033)
Profit on disposal of property and equipment	7	-	(46)
Depreciation	12	389	291
Impairment charge		470	(1,350)
Changes in working capital:			
Decrease/(Increasese) in prepayment		(4,173)	(5,426)
Decrease/(Increasese) in loans and other receivables		(18,484)	166,242
Decrease/(Increasese) in FVTPL		975,531	658,935
Increase in other liabilities		674,715	41,460
Increase/(Decrease) in employee benefit liability		-	789
Cash (used in)/generated from operations		1,412,068	508,837
Income taxes paid		(180,035)	(45,040)
Net cashflows (used in)/generated from operating activities		1,232,033	463,797
Cash flows from investing activities			
Purchase of property and equipment		(655)	(778)
Proceeds from sale of property and equipment		-	46
Proceeds from disposal of fair value through profit or loss financial assets		572,677	-
Dividend received		125,378	94,108
Interest received		143,905	103,122
Investment in Financial assets at FVOCI			(75,074)
Investment in Financial assets at FVTPL		(398,995)	
Investment in Financial assets at amortized cost		(2,196)	
Net cashflows generated from investing activities		440,113	121,424
Cash flows from financing activities			
Dividend paid		-	(579,515)
Net cashflows generated from financing activities		-	(579,515)
Net Increase/ decrease in cash and cash equivalents		1,672,145	5,706
Cash and cash equivalents at start of year		25,627	19,921
Cash and cash equivalents at end of year	14	1,697,772	25,627

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

1 General information

FBNQuest Funds Limited ('The Company') was incorporated on 14 November 2002 in Lagos. It commenced operations on 1 April 2003. The registered address of the company is 38/39, Marina, Lagos. It is a wholly owned subsidiary of FBNQuest Capital Limited. FBN Holdings Plc is the ultimate parent company.

The principal activity of the Company is to carry on venture capital and private equity business by providing risk capital such as equity and quasi-equity instruments to medium-sized enterprises while delivering attractive financial returns.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented in this report, unless otherwise stated.

2.1 Basis of preparation

These financial statements are the stand alone financial statements of FBNQuest Funds Limited.

The Company's financial statements 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 financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company'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 Note 4.

The Company classifies its expenses by the nature of expense method.

The Company has taken the option given in IAS 28, which allows it not to apply the equity method in accounting for investments in associates or those the company has significant influence since the company, being a venture capital organisation, has elected to measure such investments at fair value through profit or loss.

The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 3.

2.2 Going concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, as modified by the valuation of financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss. The financial statements are presented in Nigerian currency (Naira) and rounded to the nearest thousand.

2.3 Changes in accounting policies and disclosures

Except for the following new standards, the Group has consistently applied the accounting policies as set out below to all periods presented in these separate financial statements.
The Company has adopted the following new standards with initial date of application of January 1, 2018.

2.3.1 IFRS 16: Leases

This standard becomes effective for the period beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective 1 January 2019, the Company has appropriately disclosed its lease in line with the requirements of IFRS 16. The impact of adopting this standard is disclosed below.

2.3.2 New standards and interpretations not yet adopted

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.3.3 *IFRS 16 Leases*

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
This policy is applied to contracts entered into, or changed, on or after 1 January 2019

The Company primarily leases buildings for use as office spaces for its operations.

Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. On renewal of a lease, the terms may be renegotiated and the lease terms range from 1 year to 5 years. The lease agreements do not impose any covenants. However, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Company has elected to separate lease and non-lease components and treat them accordingly.

Until the 2018 financial year, leases of property (land, buildings) were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases in which the Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

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

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

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

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

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

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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

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

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

Short-term leases and leases of low-value assets
Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N2 million when new, for example, small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Company has applied the low value lease exemption for leases of printers as they are less than N2 million when new. The Company does not have any short term leases.

Extension and termination options
Extension and termination options are included in all of the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the Bank and the lessors and some of the termination options held are exercisable only by the Bank.

Leases in which the Company is a lessor

The Company does not have any lease arrangements as a Lessor or intermediate lessor.

2.3.4 Changes in accounting policies
Impact of adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16: Leases on the Company's financial statements.

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 2.3.5.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- electing not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Impact on the financial statements

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 12.11%.

2.3.5 *Impact on the financial statements*

	As at 31 December 2018	*Impact of IFRS 16*		*As at 1 Jan 2019*
		Reclassification	*Remeasurement*	
	N'000	N'000	N'000	N'000
Assets				
Right-of-use assets	-		4,683	4,683
Prepayment	148	(148)	-	-
	148	**(148)**	**4,683**	**4,683**
Liabilities				
Non-current				
Lease liabilities	-	-	4,535	4,535
Current				
Lease liabilities	-			
	-	-	**4,535**	**4,535**

2.3.6 New standards and interpretations not yet adopted

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IFRS 17 is effective for annual periods beginning on or after 1 January 2021.

This standard does not impact the Company in anyway as the Company does not engage in insurance business or carry insurance risk.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

2.4 Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (N), which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the forward rate is used at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred. 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 items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in other comprehensive income and cumulated in the 'fair value reserve' in equity.

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Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets such as equities classified as financial assets at FVOCI are included in other comprehensive income and cumulated in the 'fair value reserve' in equity.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term placements with banks & other financial institutions, treasury bills in an active market with original maturities of three months or less.

2.7 Revenue

Investment income

Dividend on investments in equity shares is recognized when the right to receive payment is established, which is when such dividends are declared at the annual general meetings of the dividend paying companies.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents.

Other income (fees and commissions)

Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party – such as the arrangement of the acquisition of 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, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

Management fees

Management fees are charged for services rendered and are recognised on an accruals basis when the service or transaction is rendered.

2.8 Property and equipment

All property plant and equipment is initially recorded at cost. They are subsequently measured using the cost model i.e. stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

Computer equipment	33%
Furniture & fittings	20%
Motor vehicles	25%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment was impaired as at 2019 (2018: nil).

Gains and losses on disposals are determined by comparing proceeds on disposals with carrying amount. These are included in other operating expenses in the income statement.

2.9 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 either through sale or use. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

Non-financial assets other than goodwill 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.

2.10 Financial assets and liabilities

In accordance with IFRS 9, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

Initial recognition

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. 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.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.10.1 Financial assets

Classification and measurement

The Company classifies its debt financial assets in the following measurement categories:

- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVPL)
- Amortised Cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2.10.1 *Financial assets (Contd)*

Business Model Assessment

Business Model assessment involves determining whether financial assets are held to collect the contractual cashflows (rather than sell the instrument prior to its contractual maturity to realise its fair value changes).
The Company determines its business model at the level that best reflects how it manages Companys of financial assets to achieve its business objective.
The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
- Investment strategy for holding or selling the assets
- Past experience on how cash flows for these assets were collected.
- How the asset's performance is evaluated and reported to key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model for each portfolio of financial assets are to be categorized into one of the following models:

- Hold-to-collect contractual cash flows: Financial assets held with the sole objective to collect contractual cashflows;

- Hold-to-collect contractual cash flows and sell: Financial assets held with the objective to both collect contractual cashflows and sell;

- Fair value through profit or loss (FVTPL) business model: Financial assets held with neither of the objectives mentioned in the two categories above. They are basically financial assets held with the sole objective to trade and realize fair value changes.

Cash flow characteristics assessment

The assessment aims to identify whether the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement.
The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset due to repayments. Thus the principal is not the legal amount due under the contractual terms of an instrument. This definition allows assets acquired at a discount or premium pass the SPPI test.
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

a. *Financial assets measured at amortised cost*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Interest income'.

A financial asset qualifies for amortised cost measurement only if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

b. *Financial assets measured at FVOCI*

A debt instrument shall be measured at FVOCI if both of the following conditions are met and is not designated as at FVTPL:
- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Gains and losses are recognised in OCI within a separate component of equity, except for the following items, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:
- interest revenue using the effective interest method;
- expected credit losses and reversals; and
- foreign exchange gains and losses.

When the debt instrument is disposed or derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains or (losses)".

2.10.1 *Financial assets (Contd)*

c. *Financial assets measured at FVTPL*

A debt instrument that is not measured at amortised cost or at FVOCI must be measured at FVTPL. These would include debt instruments that are held for trading and those that have been designated as fair value through profit or loss at initial recognition. Gains and losses both on subsequent measurement and derecognition are recognised in profit or loss and reported as "Net gains or (losses)" in the period in which it arose.

The Company may irrevocably designate a debt instrument as measured at FVTPL on initial recognition only if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch'). Such mismatches would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

d. *Equity Instruments*

Equity investments are measured at FVTPL. However on initial recognition, the Company can make an irrevocable election to measure an equity investment at FVOCI. This option only applies to instruments that are neither held for trading nor contingent consideration, recognised by an acquirer in a business combination to which IFRS 3 applies. For equities measured at FVOCI, fair value gains and losses on the equity remeasurements are recognised in OCI. However, dividends are recognised in profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognised in OCI are never reclassified from equity to profit or loss.
The Company has made an irrevocable election to measure its equity investments at FVOCI.

e. *Impairment of Financial Assets*

The Company recognizes expected credit losses ("ECL") on forward-looking basis for its financial assets measured at amortized cost, lease receivables, debt instrument at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any.
The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

f. *Modification and renegotiation of financial assets*

Where the terms of a financial asset are modified, the Company assesses whether the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognizes the original financial assets and recognizes a new asset at fair value and recalculates the effective interest rate.

Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

g. *Derecognition other than on a modification*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either
(i) the Company transfers substantially all the risks and rewards of ownership, or
(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Company:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

h. *Reclassifications*

From 1 January 2018, the Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Company changes its business model for managing a financial assets, the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. The reclassification should be applied prospectively from the 'reclassification date', which is defined as, 'the first day of the first reporting period following the change in business model that results in the Company reclassifying financial assets'. Accordingly, any previously recognised gains, losses or interest should not be restated.

2.10.1 ***Financial assets - contd***

i. *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.

j. *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.

2.10.2 ***Financial liabilities***

Financial liabilities are classified into one of the following measurement categories:
- Fair value through profit or loss (FVTPL)
- Amortised cost

a. *Financial liabilities at FVTPL*
Financial liabilities are measured at FVTPL when they are designated as such on initial recognition using the fair value option or when they meet the definition of held for trading i.e.
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition 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;
- or it is a derivative [except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument].

For financial liabilities designated as at FVTPL using the fair value option, the element of gains or losses attributable to changes in the Company's own credit risk are recognised in OCI, with the remainder recognised in profit or loss. The movement in fair value attributable to changes in the Company's own credit quality is calculated by determining the changes in credit spread above observable market interest rates. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount. However, if presentation of the fair value change in respect of the liability's credit risk in OCI creates or enlarges an accounting mismatch in profit or loss, gains and losses must be entirely presented in profit or loss. To determine whether the treatment would create or enlarge an accounting mismatch, the Company assesses whether it expects the effect of the change in the liability's credit risk to be offset in profit or loss by a change in fair value of another financial instrument, such as when the fair value of an asset is linked to the fair value of the liability. If such a mismatch does arise, the Company will be required to present all fair value changes of the liability in profit or loss.

b. *Financial liabilities at amortised cost*
Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest method.
Financial liabilities measured at amortised costs are deposits from customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

c. Derecognition of financial liabilities
Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.10.3 Determination of fair value
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
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 Company, 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.
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 dates of the statement of financial position.

The Company 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.

2.10.3 Determination of fair value - contd

For more complex instruments, the Company 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).

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 Company 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, management believes 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.

The estimated fair value of loans and advances represents an estimation of the value of the loans using average benchmarked lending rates which were adjusted for specific entity risks based on history of losses.

The Company makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Company. This transfer is done on the date in which the market information becomes available.

2. 11 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 currently 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Income tax

(a) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction 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 available-for-sale investment).

Where the Company has tax losses that can be relieved against a tax liability for a previous year, it recognises those losses as an asset, because the tax relief is recoverable by refund of tax previously paid. This asset is offset against an existing current tax balance.

Where tax losses can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the statement of financial position.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and provisions for pensions and other post-retirement benefits. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction.

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.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

2.13 Employee benefits

Defined contribution (Pension)

The Company has a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company 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.

In line with the Pension Reform Act 2014, the Company operates a defined contribution scheme; employees are entitled to join the scheme on confirmation of their employment. The employee and the Company contributes 8% and 10% of the employee's basic, transport and rent allowances respectively. The Company has no further payment obligations once the contributions have been paid. The employee contributions are funded through payroll deductions while the Company's contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available while unpaid contributions are recognized as a liability.

2.14 Provisions

Provisions are liabilities that are uncertain in amount and timing. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.15 Share capital

Ordinary shares are classified as equity.

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

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

2.16 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Company's activities expose it to a variety of financial risks: credit, liquidity and market risk (including price, foreign exchange and interest rate risk). The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the risk management department under policies approved by the board of directors. The risk management department identifies and evaluates financial risks in close co-operation with all operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use non-derivative financial instruments, and investment of excess liquidity.

The Company's financial instruments are categorised as follows:

31 December 2019	Fair value through profit or loss	Fair value through other comprehensive income	Financial asset at amortized cost	Other financial liabilities
	N'000	N'000	N'000	N'000
Financial assets:				
Cash and cash equivalents	-	-	1,697,772	-
Financial assets:				
Fair value through profit or loss	4,656,508	-	-	-
Fair value through other comprehensive income	-	212,611	-	-
Amortised Cost	-	-	1,207,062	-
Financial liabilities:				
Other liabilities	-	-	-	865,587
Deposit for shares				2,928,219

31 December 2018	Fair value through profit or loss	Fair value through other comprehensive income	Loans and receivables	Other financial liabilities
	N'000	N'000	N'000	N'000
Financial assets:				
Cash and cash equivalents	-	-	25,627	-
Financial assets:				
Fair value through profit or loss	5,632,039	-	-	-
Fair value through other comprehensive income	-	439,332	-	-
Amortised Cost	-	-	1,188,578	-
Financial liabilities:				
Other liabilities	-	-	-	190,872
Deposit for shares				2,928,219

3.1 Credit risk

Credit risk is the risk of suffering loss, should any of the company's clients or market counterparties fail to fulfil their contractual obligations to the company. Credit risk arises from cash and cash equivalents, loans and receivables as well as debt security instruments. Cash transactions are limited to high credit-quality financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Maximum exposure to credit risk	31 December 2019	31 December 2018
	N'000	N'000
Cash and cash equivalents	1,697,772	25,627
Fair value through other comprehensive income:		
Preference shares	23,592	35,387
Convertible debt notes	104,621	329,448
Corporate Eurobond	84,398	74,497
Amortised Cost	1,207,062	1,188,578
	3,117,445	1,653,537

3.1.1 Credit quality

Credit quality of the financial assets is summarised as follows:

At 31 December 2019	Cash and cash equivalents	Fair value through other comprehensive income	Loans & other receivable	Total
	N'000	N'000	N'000	N'000
Stage 1	1,697,772	212,611	1,207,062	3,117,445
Stage 2	-	-	-	-
	1,697,772	212,611	1,207,062	3,117,445

At 31 December 2018	Cash and cash equivalents	Fair value through other comprehensive income	Loans & other receivable	Total
	N'000	N'000	N'000	N'000
Stage 1	25,627	439,332	1,188,578	1,653,537
Stage 2	-	-	-	-
	25,627	439,332	1,188,578	1,653,537

The financial assets in the 'past due but not impaired' class are intercompany loans and investment in preference share plus convertible note instrument that are past due but have not been impaired because the company has assessed and determined that given the nature of the company's business, these are still collectible.

3.1.2 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the Company's credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2019 and 31 December 2018. For this table, the Company has allocated exposures to regions based on the country of domicile of its counterparties. Financial assets analysed below excludes investments in equity instruments.

31 December 2019	Nigeria N'ooo	N'ooo
Cash and cash equivalents	1,697,772	1,697,772
Financial assets:		
Fair value through other comprehensive income	212,611	212,611
Amortised Cost	1,207,062	1,207,062
	3,117,445	3,117,445

31 December 2018	Nigeria N'ooo	Total N'ooo
Cash and cash equivalents	25,627	25,627
Financial assets:		
Fair value through other comprehensive income	527,455	527,455
Amortised Cost	1,188,578	1,188,578
	1,741,660	1,741,660

3.2 Liquidity risk

Surplus cash held by the Company over and above balance required for working capital management are invested in interest earning current accounts; choosing instruments with appropriate maturites. At the reporting date, the company held liquid cash assets of N1.70b million (2018:N25.63million) which is expected to readily generate cash inflow for managing liquidity risk.

3.2.1 Liquidity gap analysis

The table below analyses financial assets and liabilities of the company into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The table includes both principal and interest cash flows.

At 31 December 2019	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
	N 'ooo	N 'ooo	N 'ooo	N 'ooo	N 'ooo	N 'ooo
Financial liabilities						
Deposit for shares	2,928,219	2,928,219	-		-	2,928,219
Other payables	865,587	865,587	-	865,587	-	-
	3,793,806	3,793,806	-	865,587	-	2,928,219
Assets						
Cash and cash equivalents	1,697,772	1,697,772	1,697,772	-	-	-
Fair value through profit or loss	4,656,508	4,656,508	-	-	-	4,656,508
FVOCI	212,611	212,611	-	-	-	-
Amortised cost	1,207,062	1,207,062	-	-	1,207,062	-
	7,773,953	7,773,953	1,697,772	-	1,207,062	4,656,508

At 31 December 2018	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years
	N 'ooo	N 'ooo	N 'ooo	N 'ooo	N 'ooo	N 'ooo
Financial liabilities						
Deposit for shares	2,928,219	2,928,219	0		-	2,928,219
Other payables	190,116	190,116	-	190,116	-	-
	3,118,335	3,118,335	-	190,116	-	2,928,219
Assets						
Cash and cash equivalents	25,627	25,627	25,627	-	-	-
Fair value through profit or loss	5,632,039	5,632,039	-	-	-	5,632,039
FVOCI	439,332	439,332	-	-	-	439,332
Amortized cost	1,188,578	1,188,578	-	-	1,188,578	-
	7,285,577	7,285,577	25,627	-	1,188,578	6,071,371

3.3 Market risk

The Company has exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates, equity prices and commodity prices.

3.3.1 Equity price risk

The Company is not exposed to equity securities price risk because the investments held by the Company are unquoted equity and classified on the statement of financial position as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board.

Unlisted investments

The Company also invests in non-listed equities of other entities and the carrying amount of such investments at 31 December 2019 was N4.66billion (2018: N5.63billion). The impact of a 5% (2018: 5%) increase/decrease in the prices of the investments in unquoted equity securities would cause an increase/decrease in the equity of N233million (2018: N301million).

3.3.2 Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Company enters into most of transactions in Naira which is also the functional currency. All investments in the portfolio have their cash flow repayment and redemption obligations matched and payable in the same currency in which the investment was made. The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2019 and 31 December 2018. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

	Naira N'000	USD N'000	Total N'000
31 December 2019			
Cash and bank balances	54,071	498	54,568
Financial asset fair value through profit and loss	2,143,835	3,488,204	5,632,039
31 December 2018			
Cash and bank balances	13,125	12,503	25,627
Financial asset fair value through profit and loss	2,143,835	3,488,204	5,632,039

The following table details the Company's sensitivity to a 10% increase and decrease in Naira against the US dollar and GBP. Management believe that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analysis below include outstanding US dollar and GBP denominated financial assets. A positive number indicates an increase in profit where Naira strengthens by 10% against the US dollar and GBP. For a 10% weakening of Naira against the US dollar and GBP, there would be an equal and opposite impact on profit.

	31 December 2019	31 December 2018
Cash and bank balance		
Naira strengthens by 10% against the US dollar : Profit/(loss)	50	1,250
Naira weakens by 10% against the US dollar : Profit/(loss)	(50)	(1,250)
Financial asset fair value through profit and loss		
Naira strengthens by 10% against the US dollar : Profit/(loss)	348,820	348,820
Naira weakens by 10% against the US dollar : Profit/(loss)	(348,820)	(348,820)

3.3.3 Interest rate risk

The Company has fixed rate instruments, it is therefore exposed to fair value interest rate risks. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The table below summarises the Company's interest rate gap position:

31 December 2019	**Carrying amount** N'000	**Fixed interest** N'000	**Non interest-bearing** N'000
Assets			
Cash and cash equivalents	1,697,772	-	1,697,772
Fair value through profit or loss	4,656,508	-	4,656,508
Fair value through other comprehensive income	212,611	212,611	-
Loans at amortised cost	562,496	562,496	-
Other receivables at amortised cost	644,981	-	644,981
	7,774,368	775,107	6,999,261
	Carrying amount N'000	Fixed interest N'000	Non interest-bearing N'000
Liabilities			
Deposit for shares	2,928,219	-	2,928,219
Other liabilities	865,587	-	865,587
	3,793,806	-	3,793,806
Interest rate gap	3,980,562	775,107	3,205,455

Interest rate risk **31 December 2018**	**Carrying amount** N'000	**Fixed interest** N'000	**Non interest-bearing** N'000
Assets			
Cash and cash equivalents	25,607	-	25,607
Fair value through profit or loss	5,632,039	-	5,632,039
Fair value through other comprehensive income	439,332	439,332	-
Loans at amortised cost	750,075	750,075	-
Other receivables at amortised cost	438,503	-	438,503
	7,285,555	1,189,407	6,096,149
Liabilities			
Deposit for shares	2,928,219	-	2,928,219
Other liabilities	190,872	-	190,872
	3,119,091	-	3,119,091
Interest rate gap	4,166,464	1,189,407	2,977,058

The table below shows the impact on the Company's profit before tax if interest rates on financial instruments held at amortised cost or at fair value had increased or decreased by 100 basis points, with all other variables held constant.

	1% increase	1% decrease
31 December 2019		
Asset:		
Effect of 100 basis points movement on profit before tax (N'ooo)	16,977,720	(16,977,720)
Liability:		
Effect of 100 basis points movement on profit before tax (N'ooo)	888,410	(888,410)
31 December 2018	1% increase	1% decrease
Asset:		
Effect of 100 basis points movement on profit before tax (N'ooo)	256,272	(256,272)
Liability:		
Effect of 100 basis points movement on profit before tax (N'ooo)	1,836,890	(1,836,890)

3.4 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As at the reporting date, the Company does not have any borrowing.

3.5 Fair value estimation

IFRS 7 requires disclosures for all financial instrument measured at fair value.
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

3.5.1 Fair value of financial assets and liabilities

(a) Financial instruments measured at fair value

The following table presents the Company's assets that are measured at fair value at 31 December 2019.

	Level 1 N'ooo	Level 2 N'ooo	Level 3 N'ooo
Assets			
Financial assets at fair value through profit or loss			
- Unquoted equities	-	-	4,656,509
Fair value through other comprehensive income financial assets			
- FGN Bonds	84,398		
- Convertible debt notes	-	-	104,621
- Preference shares			23,592
Total	84,398	-	4,784,722

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1 N'ooo	Level 2 N'ooo	Level 3 N'ooo
Assets			
Financial assets at fair value through profit or loss			
- Unquoted equities	-	-	5,632,039
Fair value through other comprehensive income financial assets			
- Convertible debt notes	-	-	329,448
- Preference shares	-	-	35,387
Total	-	-	5,996,874

- Financial instruments in level 1

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

- Financial instruments in level 2

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

- Financial instruments in level 3

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components. The following table presents the changes in level 3 instruments for the year ended 31 December 2019:

Reconciliation of level 3 items

	2019 N'000	2018 N'000
At beginning of year	5,996,874	5,978,002
Additions	398,995	304,232
Accrued interest	-	-
Disposals	(1,486,564)	(797,246)
Gains/(losses) recognised in		
- in Other comprehensive income (OCI)	(1,577)	(75,118)
- in Profit or loss	(130,962)	557,921
Impairment	54	-
Foreign exchange gain	7,902	29,083
At end of the year	4,784,722	5,996,874

Level 3 financial instruments relates to unlisted instruments and since quoted market prices are not available, the fair values are estimated based on valuation techniques such as (i) market approach (EV/EBITDA and EV/Revenue) where the adjusted price/earnings multiple of comparable companies is utilised and;
(ii) income approach (discounted cash flows)

Description of valuation methodology and inputs:

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

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

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

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

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

Step 5: A lack of illiquidity discount of 15% was applied to the equity value.

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

There was no transfer of securities between levels in 2019 (2018:nil)

Information about the fair value measurements using significant unobservable Inputs (Level 3)

Description	Fair value at 31 December 2019	Valuation technique	Unobservable input	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation(+/-)
Ordinary shares						
MP Budget Limited	73,495	Comparable trading multiples	EV/Revenue multiple	2.34x	1	31,408
			Illiquidity discount	15.00%	10%	8,646
Resourcery Plc	373,905		NASD	0.36	0.1	103,863
VT Leasing Limited	323,079		EV/EBITDA multiple	4.85x	1	66,614
			Illiquidity discount	15.00%	10%	38,009
Mama Cass Restaurants Limited	74,616		EV/Revenue multiple	0.98x	1	76,138
			Illiquidity discount	15.00%	10%	8,778
EchoVC Pan African Fund 1	1,230,071	Net asset valuation based on fund manager's report	NA	NA	NA	NA
Lekky Budget Hotel	234,355	Valuation based on independent valuer's report	NA	NA	NA	NA
Avery Row Capital GP	1,802,691	Transaction Price	NA	NA	NA	NA
Anchorage	-	Transaction Price	NA	NA	NA	NA
Cayor	118,974	Transaction Price	NA	NA	NA	NA
TIDE AFRICA FUND I	336,468	Transaction Price	NA	NA	NA	NA
Total	**4,567,654**	Transaction Price	NA	NA	NA	NA
Preference shares						
Mama Cass Restaurants Limited	23,592	Discounted cash flows	Cost of capital	21.00%	2%	597
Convertible debt						
Resourcery Plc	224,827	Discounted cash flows	Cost of capital	16.48%	2%	5,384
VT Leasing Limited	104,621	Discounted cash flows	Cost of capital	29.64%	2%	2,974
Total	**353,040**					
Grand Total	**4,920,694**					

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

The following table presents the movements in level 3 instruments for the year ended 31 December 2019 by class of financial instrument.

	Ordinary shares	Preference shares	Convertible debt	Total
	'N'000	'N'000	'N'000	'N'000
At the beginning of the year	5,632,039	35,387	329,448	5,996,874
Additions	398,995	-	-	398,995
Accrued interest	-	-	-	-
Disposals	(1,251,339)	-	(224,827)	(1,476,166)
Transfer to level 2				-
Net fair value gain/(loss)	(130,962)	(11,796)	-	(142,758)
Impairment	-	-	-	-
Foreign exchange gain	7,775	-	-	7,775
At the end of the year	4,656,508	23,592	104,621	4,784,720

The following table presents the movements in level 3 instruments for the year ended 31 December 2018 by class of financial instrument.

	Ordinary shares	Preference shares	Convertible debt	Total
At the beginning of the year	5,538,049	37,555	402,399	5,978,003
Additions	304,232	-	-	304,232
Accrued interest	-	-	-	-
Disposals	(797,246)	-	-	(797,246)
Transfer to level 2				-
Net fair value gain/(loss)	557,921	(2,168)	(72,951)	482,802
Impairment	-	-	-	-
Foreign exchange gain	29,083	-	-	29,083
At the end of the year	5,632,039	35,387	329,448	5,996,874

(b) Financial instruments not measured at fair value

	At 31 December 2019 Carrying value	Fair value	At 31 December 2018 Carrying value	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and cash equivalents	1,697,772	1,697,772	25,627	25,627
Amortized cost	1,207,477	1,207,477	1,188,578	1,188,578
Financial liabilities				
Trade and other payables	865,587	865,587	190,872	190,872
Deposit for shares	2,928,219	2,928,219	2,928,219	2,928,219

The following table presents the Company's assets and liabilities that are not measured at fair value at 31 December 2019.

	Level 1	Level 2	Level 3	Total
Cash and bank balances	-	54,568	-	54,568
Loans and receivables	-	1,207,477	-	1,207,477
	-	1,262,045	-	1,262,045

		Level 2		Total
Trade and other payables	-	865,587	-	865,587
Deposit for shares	-	2,928,219	-	2,928,219
	-	3,793,806	-	3,793,806

The following table presents the Company's assets and liabilities that are not measured at fair value at 31 December 2018.

	Level 1	Level 2	Level 3	Total
Cash and bank balances	-	25,627	-	25,627
Loans and receivables	-	1,188,578	-	1,188,578
	-	1,214,205	-	1,214,205

		Level 2		Total
Trade and other payables	-	190,872	-	190,872
Deposit for shares	-	2,928,219	-	2,928,219
	-	3,119,091	-	3,119,091

4 Critical accounting estimates and significant judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Valuation methodology

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FBNQuest Funds determines fair value either by reference to a quoted price in an active market for a given financial instrument or, when a quoted price in an active market is not available, by using a valuation technique. For each investment, FBNQuest Funds utilized various valuation methodologies which include; EBITDA Multiple anf Enterprise value to sales multiple.

The valuation methodologies used utilize inputs from the financial statements of FBNQuest Fund's portfolio companies (Revenue and EBITDA). The valuation methods used include a degree of subjectivity as they require management to estimate a number of parameters, including interest rate yields, credit spreads, liquidity risk premiums, equity prices, option volatilities and currency rates.

Description of the valuation methodologies including assumptions and significant obervable inputs have been disclosed in note 3.5.1

5 Interest income

	31 December 2019 N'000	31 December 2018 N'000
Interest on placements		
Interest on corporate bonds	6,063	35,174
Coupon on convertible bonds	7,093	235
	130,305	86,572
	143,461	**121,981**

6 Dividend income

	31 December 2019 N'000	31 December 2018 N'000
Dividend on unquoted equities	125,378	90,248
Dividend on preference shares	-	3,859
	125,378	**94,107**

7 Other income

	31 December 2019 N'000	31 December 2018 N'000
Loss on disposal of fixed assets	-	46
Sundry income	3,585	744
	3,585	**790**

8 Exchange Gain

	31 December 2019 N'000	31 December 2018 N'000
Exchange gain on fair value through profit or loss instruments	8,879	30,033
	8,879	**30,033**

9 Fair value loss on financial assets at fair value through profit or loss

	31 December 2019 N'000	31 December 2018 N'000
(Loss)/Gain on fair value measurement of unquoted equities	(130,962)	557,921
	(130,962)	**557,921**

10 Realized gain on financial assets

	31 December 2019 N'000	31 December 2018 N'000
Unquoted financial instruments	219,208	165,921
	219,208	**165,921**

11 Recoveries from SMEEIS Investment

	31 December 2019 N'000	31 December 2018 N'000
Recoveries from SMEEIS Investment	19,750	59,994
	19,750	59,994

Approved by the Board of Directors on 5 March 2020

12 Operating expenses

	Note	31 December 2019 N'000	31 December 2018 N'000
Depreciation expense		389	291
Depreciation expense - lease liabilities		1,514	-
Maintenance expense		5,478	2,153
Professional fees		10,204	6,377
Directors Emolument		57,305	49,007
Other operating expenses	12.1	101,397	168,453
Personnel expenses	12.2	62,958	187,911
		239,245	**414,192**

12.1 Other operating expense

	31 December 2019 N'000	31 December 2018 N'000
Auditor's remuneration	6,710	6,710
Interest expense - lease liability	334	-
Shared service cost	70,072	111,970
General overheads and administrative expenses	24,281	49,773
	101,397	**168,453**

Included in other operating expenses is the sum of N70.07m (2018: N111.97m) which represents the Company's portion of the cost of overheads and other technical services provided by its parent company, FBNQuest Capital Limited.

12.2 Personnel expense

	31 December 2019 N'000	31 December 2018 N'000
Wages and salaries	23,143	21,894
Other staff benefits	12,232	10,267
Pension costs - defined contribution plans	1,186	1,026
Performance bonus (accruals)	26,397	154,724
	62,958	**187,911**

12.2a The average number of persons, excluding directors, employed by the Company during the year was as follows:

	31 December 2019 Number	31 December 2018 Number
	-	-
Managerial	1	1
Senior staff	2	2
Junior staff	3	3

12.2b The table below shows the number of employees (excluding directors), who earned over N350,000 per annum other than directors, whose duties were wholly or mainly discharged in Nigeria and who received remuneration (excluding pension contribution and certain other benefits/allowances) in the following ranges were:

	31 December 2019 Number	31 December 2018 Number
	-	-
N1,000,000 - N5,000,000	3	3
N5,000,001 & above	3	3

13 Tax expense

	Note	31 December 2019 N'ooo	31 December 2018 N'ooo
Company income tax		1,974	173,855
Education tax		-	-
Information Technology levy		1,342	6,179
		3,316	180,034
Movement in deferred tax	18	-	142,066
		3,316	**322,100**

13.1 The Company's current tax charge has been computed using the minimum tax provision of the Company Income Tax Act ("CITA") (31 December 2018: 30%) plus tertiary education tax of 2% (31 December 2018: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. The minimum tax provision of CITA is applicable where the Company has no taxable profit or the tax on profit is below minimum tax..

13.2 Effective tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	31 December 2019 N'ooo	%
Profit before tax	149,584	100%
Companies income tax	1,974	1%
IT levy	1,342	1%
Education tax	-	0%
Total tax charge	3,316	2%
Reconciliations		
Tax effect of temporary differences	-	0%
Tax impact of prior year adjustment	-	0%
Effective tax rate	**3,316**	**2%**

	31 December 2018 N'ooo	%
Profit before tax	617,905	100%
Companies income tax	173,855	28%
IT levy	6,179	1%
Education tax	-	0%
Total tax charge	180,034	29%
Reconciliations		
Tax effect of temporary differences	142,066	23%
Tax impact of prior year adjustment	-	0%
Effective tax rate	**322,100**	**52%**

14 Cash and cash equivalents

	31 December 2019 N'000	31 December 2018 N'000
Cash in hand	20	20
Cash in bank	1,697,752	25,607
	1,697,772	**25,627**

15 Financial assets

	Note	31 December 2019 N'000	31 December 2018 N'000
Fair value through profit or loss	15.1	4,656,508	5,632,039
Fair value through other comprehensive income	15.2	212,611	439,332
Amortised Cost	15.3	1,207,062	1,188,578
		6,076,181	**7,259,949**

15.1 Fair value through profit or loss

Fair value through profit or loss financial assets comprise:

	31 December 2019 N'000	31 December 2018 N'000
Unquoted equities	4,656,509	5,632,039
	4,656,509	**5,632,039**
Non-current	**4,656,509**	**5,632,039**

The unquoted equities were held in the following entities at their fair values:

	31 December 2019 N'000	31 December 2018 N'000
Lekky Budget Hotel	249,380	234,355
Resourcery Plc	188,603	373,905
VT Leasing Limited	225,805	323,079
MP Budget Limited	78,249	73,495
Mama Cass Restaurants Limited	47,127	74,616
EchoVC Pan African Fund 1	1,247,052	1,230,071
Avery Row Capital GP	1,805,265	1,802,691
Cayor Capital Holding Ltd	57,824	118,974
Anchorage Leisure	-	1,064,386
TIDE Africa Fund I	657,205	336,467
Pagatech Holdings	100,000	-
	4,656,509	**5,632,039**

15.2 Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

	Note	31 December 2019 N'000	31 December 2018 N'000
Convertible debt notes	15.2.1	104,621	329,448
Preference shares	15.2.2	23,592	35,387
Corporate Eurobond		84,398	74,497
		212,611	439,332

15.2.1 The convertible debt notes were held in the following entities at their fair values:

	31 December 2019 N'000	31 December 2018 N'000
Resourcery Investment	-	224,827
VT Leasing Investment	104,621	104,621
	104,621	329,448

15.2.2 Preference shares were held in the following entities:

	31 December 2019 N'000	31 December 2018 N'000
Mama Cass Restaurants Limited	23,592	35,387
	23,592	35,387

Movement in fair value through other comprehensive income:	31 December 2019 N'000	31 December 2018 N'000
At the beginning of the year	439,332	439,954
Additons	-	75,074
Accrued interest	7,093	1,595
Redemption and disposals	(232,364)	-
Impairment	-	(2,173)
Net fair value loss	(1,577)	(75,118)
Foreign exchange gain	127	
At the end of the year	212,611	439,332

Movement in fair value reserves

	31 December 2019 N'000	31 December 2018 N'000
At 1 January	(84,037)	(8,919)
Fair value loss recognised in OCI	(1,577)	(75,118)
At 31 December	(85,614)	(84,037)

15.3 Amortised cost

	31 December 2019 N'000	31 December 2018 N'000
Loans	562,496	750,075
Other receivable	644,981	438,503
	1,207,477	**1,188,578**
Impairment	(415)	-
Carrying Amount	**1,207,062**	**1,188,578**

15.3.1 Loans

	31 December 2019 N'000	31 December 2018 N'000
VT Leasing Limited	2,307	4,302
Anchorage Leisure	-	214,215
Cayor Capital Holding Ltd	560,189	531,558
	562,496	**750,075**
Non-Current	562,496	750,075

15.3.2 Other receivables

	31 December 2019 N'000	31 December 2018 N'000
Account receivables	326,288	127,048
Receivable from FBN Capital Partners Limited	5,736	5,735
Receivable from FBNQuest Capital Limited	312,957	305,720
	644,981	**438,503**
Current	644,981	438,503

16 Prepayments

	31 December 2019 N'000	31 December 2018 N'000
Prepayments	9,600	5,427
	9,600	**5,427**
Current	9,600	5,427

17 Property and equipment
31 December 2019

	Motor vehicles N'000	Computer equipment N'000	Furniture and fittings N'000	WIP N'000	Total N'000
Cost					
Balance as at 1 January 2019	7,899	17,899	32,078		57,876
Addition		397	126	132	655
Reclassification		1,704	(1,704)		0
Disposal	(2,620)	(16,323)	(11,783)		(30,726)
Balance as at 31 December 2019	5,279	3,677	18,717	132	27,805
Depreciation					
Balance as at 1 January 2019	7,890	17,330	31,584		56,804
Depreciation for the year	0	232	157		389
Reclassification		1,704	(1,704)		
Disposal	(2,620)	(16,323)	(11,783)		(30,726)
Balance as at 31 December 2019	5,270	2,943	18,254	0	26,467
Net book value					
At 31 December 2019	9	734	463	132	1,338

31 December 2018

	Motor vehicles N'000 0	Computer equipment N'000	Furniture and fittings N'000	WIP	Total N'000
Cost					
Balance as at 1 January 2018	8,299	17,269	31,930		57,498
Addition		630	148		778
Disposal	(400)				(400)
Balance as at 31 December 2018	7,899	17,899	32,078		57,876
Depreciation					
Balance as at 1 January 2018	8,290	17,268	31,355		56,913
Depreciation for the year	0	62	229		291
Disposal	(400)				(400)
Balance as at 31 December 2018	7,890	17,330	31,584		56,804
Net book value					
At 31 December 2018	9	569	494		1,072

Right of use asset

18.1

	31 December 2019 N'000
Balance as at 1 January 2019	4,683
Addition	
Balance as at 31 December 2019	4,683
Depreciation	
Balance as at 1 January 2019	1,514
Depreciation for the year	
Balance as at 31 December 2019	1,514
Net Balance	3,169

18.2 Lease liabilities

	31 December 2019 N'000
Bal as at 1 January 2019	-
Remeasurement	4,683
Interest	334
Payment	(1,773)
Bal as at 31 December 2019	3,244

19 Deferred tax

	31 December 2019	31 December 2018
	N'000	N'000
At 1 January	(9,548)	(151,614)
Movement during the year	-	142,066
Adjustment on Prior Period	-	-
At 31 December	(9,548)	(9,548)

Deferred tax assets

Deferred tax asset to be recovered after more than 12 months	(9,548)	(9,548)
Deferred tax asset to be recovered within 12 months	-	-

The directors have assessed the availability of taxable profit as at the reporting date and are of the opinion that it is appropriate to recognise the deferred tax asset as it is probable that taxable profit will be available against which the deferred taxation asset will be utilized.

20 Other liabilities

	31 December 2019	31 December 2018
	N'000	N'000
Accruals	88,841	183,689
Other statutory deductions	185	1,047
Intercompany payable	622,319	0
Employee benefit liability	48	758
Unearned income	3,598	3,596
Other payable	150,596	1,782
	865,587	190,872

21 Current tax liabilities

	31 December 2019	31 December 2018
	N'000	N'000
At start of the period	257,733	122,739
Tax paid	(180,035)	(45,041)
Underprovison	-	-
Income tax charge	3,316	180,035
At end of the period	81,014	257,733

Approved by the Board of Directors on 5 March 2020

22 Deposit for shares

	31 December 2019	31 December 2018
At 1 January	2,928,219	2,928,219
At 31 December	2,928,219	2,928,219

With effect from 1 January 2015, the Board of Directors of FBNQuest Capital Limited, the parent company of FBNQuest Funds Limited (the Company) approved to convert the loan outstanding to the company into equity investment by obtaining additional shares in the company. The number of shares was not fixed, but depends on the exercise price per share (value of each share) on the date of exercising the option.

The remaining steps necessary to fully convert the outstanding loan to equity investment, stamp and file the resolution with Corporate Affairs Commission is ongoing.

23 Share capital

Share capital comprises:

	31 December 2019	31 December 2018
	N'000	N'000
Authorised, issued and fully paid up		
150,000,000 ordinary shares of N1 each	150,000	150,000

24 Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

	31 December 2019	31 December 2018
	N'000	N'000
Share premium	1,900,000	1,900,000

25 Other equity reserves

	31 December 2019	31 December 2018
	N'000	N'000
Equity portion of convertible debt	1,575,398	1,575,398
	1,575,398	**1,575,398**

Other equity represents the sum of:

i. The equity (N672.5 million) portion of fair value contribution on the N2.5billion borrowing obtained from FBNQuest Capital Limited at a concessionary rate lower than the market rates. This amount has been transferred to deposit for shares in 2015.

ii. The portion of reserve (N903 million) transferred from FBNQuest Funds Limited upon absorption of its assets and liabilities.

Dividend

The Sum of N150m was declared as dividend by FBNQuest Funds to the ultimate parent, FBN Holdings Plc., in 2019 (2018: N579.5m).

26 Related parties

The Company is a member of the FBNQuest Capital Group with the Ultimate parent being the FBN Holdings Plc. The Company is thus related to its Parent company (FBNQuest Capital Limited) and to other subsidiaries of the ultimate Group company through common shareholdings or common directorships. Balances arising from dealing with related parties are stated below. The company identifies its key management personnel as its directors.

26.1 Remuneration of key management personnel/Directors	**31 December 2019**	**31 December 2018**
	N'000	**N'000**
Executive compensation	57,305	49,007
	57,305	49,007
Amount paid to the highest paid director	57,305	49,007

The number of directors of the Company based on range emolument is as below:

	31 December 2019	**31 December 2018**
	Number	**Number**
Above N10,000,000	1	1
	1	1

26.2 Transactions with related parties

This represents the total amount of transactions between the Company and its related parties stated below during the year:

	Description	Nature of relationship	Nature of transaction	31 December 2019	31 December 2018
				N'000	N'000
i	FBNQuest Capital Limited	Parent	Interest Income	23,409	34,609

Due to related companies

This represents the balance due to related parties stated below as at year end:

Entity	Relationship	Description	31 December 2019	31 December 2018
			N'000	N'000
FBNQuest Capital Limited	Parent	Intercompany payable	622,319	-
FBNQuest Capital Limited	Parent	Deposit for shares	2,928,219	2,928,219
			3,550,538	**2,928,219**

Due from related companies

This represents the balance due from related parties stated below as at year end:

Entity	Relationship	Description	31 December 2019	31 December 2018
			N'000	N'000
First Bank of Nigeria Limited	Subsidiary of ultimate parent	Cash in bank	1,697,752	25,607
FBN Capital Partners Limited	Co-subsidiary	Intercompany receivable	5,736	5,735
FBNQuest Capital Limited	Parent	Intercompany receivable	312,957	305,720
			2,016,445	**337,062**

27 Contingent liabilities

Legal proceedings

The Company is not presently involved in any litigation suit as at 31 December 2019.

28 Capital commitments

The Company had no capital commitments as at 31 December 2019 (31 December 2018: Nil).

29 Post balance sheet events

There were no post balance sheet events which could have had material effect on the state of affairs of the company as at 31 December 2019 (31 December 2018: nil) and on the profit for the year ended on that date which have not been adequately provided for or recognised.

The Finance Bill was signed into law in January 2019. Management is of the opinion that the provisions of the Bill does not have any material impact on the financial statements as at 31 December 2019.

FBNQUEST FUNDS LIMITED

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 N'000	%	2018 N'000	%
Gross earnings	389,299		1,030,747	
Bought in materials and services - local	(177,421)		(301,108)	
Value added	211,878	100%	729,639	100%
Distribution				
Employees				
Wages, salaries and benefits	62,958	30%	187,911	26%
Government				
Tax and statutory levy	3,316	2%	180,034	25%
To pay providers of capital				
Interest charges	-	0%	-	0%
The future				
Asset replacement - depreciation and amortization	389	0%	291	0%
Impairment	470	0%	(1,350)	0%
Deferred taxation	-	0%	142,066	19%
Expansion - transfer to reserves	144,745	68%	220,687	30%
	211,878	100%	729,638	100%

FBNQUEST FUNDS LIMITED

FIVE YEAR FINANCIAL SUMMARY

	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000	Restated 31-Dec-15 N'000	Restated 31-Dec-14 N'000
ASSETS						
Cash and cash equivalents	1,697,772	25,627	19,921	12,998	302,769	734,394
Financial assets:						
Fair value through profit or loss	4,656,508	5,632,039	5,538,049	3,480,862	2,863,136	2,773,953
Fair value through other comprehensive incor	212,611	439,332	439,954	527,455	500,886	990,074
Amotized cost	1,207,062	1,188,578	1,348,679	3,266,839	3,647,377	2,560,988
Prepayments	9,600	5,427	1	1	2,191	593
Intangible asset	-	-	-	-	-	-
Deferred tax	9,548	9,548	151,614	174,910	183,807	171,513
Employee benefit asset		-	-	-	-	-
Property and equipment	1,338	1,073	584	1,924	7,072	13,443
Right of use asset	3,169					
TOTAL ASSETS	**7,797,608**	**7,301,624**	**7,498,802**	**7,464,989**	7,507,238	7,244,958
LIABILITIES						
Other liabilities	865,587	190,115	148,655	26,625	75,317	71,656
Tax payable	81,014	257,733	122,739	102,544	107,820	99,288
Borrowings	-	-	-	-	-	2,928,219
Deposit for shares	2,928,219	2,928,977	2,928,188	2,928,297	2,928,237	21
Deferred tax liability	-	-	-	-	-	-
TOTAL LIABILITY	**3,874,820**	**3,376,825**	**3,199,582**	**3,057,466**	3,111,374	3,099,184
EQUITY						
Share capital	150,000	150,000	150,000	150,000	150,000	150,000
Share premium	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other equity reserves	1,575,398	1,575,398	1,575,398	1,575,398	1,575,398	4,681,136
Fair value reserves	(85,560)	(84,037)	(8,919)	132,541	144,347	26,428
Lease liability	3,244					
Retained earnings	379,705	383,438	682,741	649,584	626,119	(2,611,790)
TOTAL EQUITY	**3,922,787**	**3,924,799**	**4,299,220**	**4,407,523**	**4,395,864**	**4,145,774**
TOTAL EQUITY AND LIABILITY	7,797,607	7,301,624	7,498,802	7,464,989	7,507,238	7,244,958
Gross earnings	389,299	216,879	1,030,747	327,417	460,892	1,278,421
Profit before taxation	149,584	617,906	617,905	56,121	149,179	163,673
Profit after taxation	146,268	295,805	295,804	23,463	132,171	445,243
Transfer to retained earnings	146,268	295,805	295,804	23,463	132,171	445,243

FBNQUEST FUNDS LIMITED

FIVE YEAR FINANCIAL SUMMARY

	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000	Restated 31-Dec-15 N'000	Restated 31-Dec-14 N'000
ASSETS						
Cash and cash equivalents	1,697,772	25,627	19,921	12,998	302,769	734,394
Financial assets:						
Fair value through profit or loss	4,656,508	5,632,039	5,538,049	3,480,862	2,863,136	2,773,953
Fair value through other comprehensive incor	212,611	439,332	439,954	527,455	500,886	990,074
Amotized cost	1,207,062	1,188,578	1,348,679	3,266,839	3,647,377	2,560,988
Prepayments	9,600	5,427	1	1	2,191	593
Intangible asset	-	-	-	-	-	-
Deferred tax	9,548	9,548	151,614	174,910	183,807	171,513
Employee benefit asset		-	-	-	-	-
Property and equipment	1,338	1,073	584	1,924	7,072	13,443
Right of use asset	3,169					
TOTAL ASSETS	**7,797,608**	**7,301,624**	**7,498,802**	**7,464,989**	**7,507,238**	**7,244,958**
LIABILITIES						
Other liabilities	865,587	190,115	148,655	26,625	75,317	71,656
Tax payable	81,014	257,733	122,739	102,544	107,820	99,288
Borrowings	-	-	-	-	-	2,928,219
Deposit for shares	2,928,219	2,928,977	2,928,188	2,928,297	2,928,237	21
Deferred tax liability	-	-	-	-	-	-
TOTAL LIABILITY	**3,874,820**	**3,376,825**	**3,199,582**	**3,057,466**	**3,111,374**	**3,099,184**
EQUITY						
Share capital	150,000	150,000	150,000	150,000	150,000	150,000
Share premium	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other equity reserves	1,575,398	1,575,398	1,575,398	1,575,398	1,575,398	4,681,136
Fair value reserves	(85,560)	(84,037)	(8,919)	132,541	144,347	26,428
Lease liability	3,244					
Retained earnings	379,705	383,438	682,741	649,584	626,119	(2,611,790)
TOTAL EQUITY	**3,922,787**	**3,924,799**	**4,299,220**	**4,407,523**	**4,395,864**	**4,145,774**
TOTAL EQUITY AND LIABILITY	**7,797,607**	**7,301,624**	**7,498,802**	**7,464,989**	**7,507,238**	**7,244,958**
Gross earnings	389,299	216,879	1,030,747	327,417	460,892	1,278,421
Profit before taxation	149,584	617,906	617,905	56,121	149,179	163,673
Profit after taxation	146,268	295,805	295,804	23,463	132,171	445,243
Transfer to retained earnings	146,268	295,805	295,804	23,463	132,171	445,243

FBNQUEST FUNDS LIMITED

FIVE YEAR FINANCIAL SUMMARY

	31-Dec-19 N'ooo	31-Dec-18 N'ooo	31-Dec-17 N'ooo	31-Dec-16 N'ooo	Restated 31-Dec-15 N'ooo	Restated 31-Dec-14 N'ooo
ASSETS						
Cash and cash equivalents	1,697,772	25,627	19,921	12,998	302,769	734,394
Financial assets:						
Fair value through profit or loss	4,656,508	5,632,039	5,538,049	3,480,862	2,863,136	2,773,953
Fair value through other comprehensive incor	212,611	439,332	439,954	527,455	500,886	990,074
Amotized cost	1,207,062	1,188,578	1,348,679	3,266,839	3,647,377	2,560,988
Prepayments	9,600	5,427	1	1	2,191	593
Intangible asset	-	-	-	-	-	-
Deferred tax	9,548	9,548	151,614	174,910	183,807	171,513
Employee benefit asset	-	-	-	-	-	-
Property and equipment	1,338	1,073	584	1,924	7,072	13,443
Right of use asset	3,169					
TOTAL ASSETS	**7,797,608**	**7,301,624**	**7,498,802**	**7,464,989**	**7,507,238**	**7,244,958**
LIABILITIES						
Other liabilities	865,587	190,115	148,655	26,625	75,317	71,656
Tax payable	81,014	257,733	122,739	102,544	107,820	99,288
Borrowings	-	-	-	-	-	2,928,219
Deposit for shares	2,928,219	2,928,977	2,928,188	2,928,297	2,928,237	21
Deferred tax liability	-	-	-	-	-	-
TOTAL LIABILITY	**3,874,820**	**3,376,825**	**3,199,582**	**3,057,466**	**3,111,374**	**3,099,184**
EQUITY						
Share capital	150,000	150,000	150,000	150,000	150,000	150,000
Share premium	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other equity reserves	1,575,398	1,575,398	1,575,398	1,575,398	1,575,398	4,681,136
Fair value reserves	(85,560)	(84,037)	(8,919)	132,541	144,347	26,428
Lease liability	3,244					
Retained earnings	379,705	383,438	682,741	649,584	626,119	(2,611,790)
TOTAL EQUITY	**3,922,787**	**3,924,799**	**4,299,220**	**4,407,523**	**4,395,864**	**4,145,774**
TOTAL EQUITY AND LIABILITY	**7,797,607**	**7,301,624**	**7,498,802**	**7,464,989**	**7,507,238**	**7,244,958**
Gross earnings	389,299	216,879	1,030,747	327,417	460,892	1,278,421
Profit before taxation	149,584	617,906	617,905	56,121	149,179	163,673
Profit after taxation	146,268	295,805	295,804	23,463	132,171	445,243
Transfer to retained earnings	146,268	295,805	295,804	23,463	132,171	445,243