FBNQuest Funds

*Opportunity is your future*

# ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2020

An FBN Holdings Company

**FBNQUEST FUNDS LIMITED**
**ANNUAL REPORT AND FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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## 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.

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## 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 2020.

**(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:

| | 2020<br>N'000 | 2019<br>N'000 |
|---|---|---|
| **Gross earnings** | 774,168 | 389,299 |
| **Profit before taxation** | 345,041 | 149,584 |
| **Taxation** | (4,147) | (3,316) |
| **Profit after taxation** | 340,894 | 146,268 |

**(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.
Share capital comprises:

| | 31 December<br>2020<br>N'000 | 31 December<br>2019<br>N'000 |
|---|---|---|
| **Authorised, issued and fully paid up** | | |
| 150,000,000 ordinary shares of N1 each | 150,000 | 150,000 |

**(h) Donations and charitable gifts**
The Company did not make any donations or charitable gifts in 2020 (2019: nil).

**(i) Post balance sheet events**
There were no post balance sheet events which had a material effect on the state of affairs of the company as at 31 December 2020 and on the profit for the year ended.

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**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**

In line with the Corporate Governance requirements, PricewaterhouseCoopers will cease to be the company's auditors in 2020. The Board will appoint new auditors effective 2021 financial year, and this appointment is subject to approval at the Company's Annual General Meeting.

**(m) Dividend**

The Sum of N100m was declared as dividend by FBNQuest Funds to the ultimate parent, FBN Holdings Plc., in 2020 (2019: N150m).

BY ORDER OF THE BOARD

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

10 March 2021

## 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
Managing Director
FRC/2018/IODN/00000018399
10 March 2021

Ike Onyia
Chairman
FRC/2017/IODN/00000017672
10 March 2021

## CORPORATE RESPONSIBILITY FOR FINANCIAL REPORTS

The Chief Executive officer and the Chief Financial officer of FBNQuest Funds Limited have reviewed the audited financial statements and accept responsibility for the financial and other information within the financial statements.
The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the company are hereby provided below:

**Financial Information**

**(a)** The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.

**(b)** The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the period ended 31st December 2020.

**Effective Internal Controls**

**(a)** Effective internal controls have been designed to ensure that material information relating to the company are made known by the relevant staff, particularly during the period in which the audited financial statement report is being prepared.

**(b)** The effectiveness of the Company's Internal controls have been evaluated within 90 days prior to 31st December 2020.

**(c)** The Company's Internal Controls are effective as at 31st December 2020.

**Disclosures**

**(a)** There were no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data. Furthermore, there were no identified material weaknesses in the Company's Internal Control systems.

**(b)** There were no fraud events involving Senior Management or other employees who have a significant role in the Company's Internal control.

**(c)** There were no significant changes in internal controls or in other factors that could significantly affect internal controls.

| | |
|---|---|
| Olufemi Oladipo | Ijeoma Agboti |
| Chief Financial Officer | Managing Director |
| FRC/2013/ICAN/00000004786 | FRC/2018/IODN/00000018399 |
| 10 March, 2021 | 10 March, 2021 |

## THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Income statement | Note | 31 December 2020<br>N '000 | 31 December 2019<br>N '000 |
|---|---|---|---|
| Interest income | 5 | 44,631 | 143,461 |
| Dividend income | 6 | 181,217 | 125,378 |
| Other income | 7 | 63,350 | 3,585 |
| Exchange gain on foreign currency translations | 8 | 407,368 | 8,879 |
| Fair value loss on financial assets at fair value through profit or loss | 9 | (53,168) | (130,962) |
| Realized gain on sale of assets | 9 | 130,770 | 219,208 |
| Recoveries from SMEEIS investment | 7 | - | 19,750 |
| **TOTAL** | | **774,168** | **389,299** |
| Impairment | 12.3 | 133,363 | 470 |
| Operating expenses | 10 | 295,764 | 239,245 |
| **TOTAL EXPENSES** | | **429,127** | **239,715** |
| **PROFIT BEFORE TAX** | | **345,041** | **149,584** |
| Tax expense | 13 | (4,147) | (3,316) |
| **PROFIT AFTER TAX** | | **340,894** | **146,268** |
| **Other comprehensive income:** | | | |
| *Items that may be subsequently reclassified to profit or loss:* | | | |
| - Fair value gain/(loss) on financial assets fair value though OCI | | (5,381) | (1,577) |
| - Net changes in allowance in FVOCI instruments | | | 54 |
| **OTHER COMPREHENSIVE GAIN (LOSS)** | | **(5,381)** | **(1,523)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **335,513** | **144,745** |

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

## THE STATEMENT OF FINANCIAL POSITION

| | Note | 31 December 2020 N '000 | 31 December 2019 N '000 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 14 | 2,441,733 | 1,697,772 |
| Financial assets: | | | |
| Fair value through profit or loss | 15.1 | 4,826,900 | 4,656,508 |
| Fair value through other comprehensive income | 15.2 | 195,516 | 212,611 |
| Amotised cost | 15.3 | 610,126 | 1,207,062 |
| Prepayments | 16 | 22,894 | 9,600 |
| Property and equipment | 17 | 28,539 | 1,338 |
| Right of use assets | 18.1 | 1,755 | 3,169 |
| Deferred tax asset | 19 | 9,548 | 9,548 |
| **TOTAL ASSETS** | | 8,137,011 | 7,797,608 |
| **EQUITY AND LIABILITIES** | | | |
| **LIABILITIES** | | | |
| Other liabilities | 20 | 970,083 | 865,587 |
| Tax payable | 21 | 81,691 | 81,014 |
| Lease liabilities | 18.2 | 1,962 | 3,244 |
| Deposit for shares | 22 | 2,928,219 | 2,928,219 |
| **TOTAL LIABILITY** | | 3,981,955 | 3,878,064 |
| **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 | | (90,942) | (85,560) |
| Retained earnings | | 620,600 | 379,706 |
| **TOTAL EQUITY** | | 4,155,056 | 3,919,544 |
| **TOTAL EQUITY AND LIABILITY** | | 8,137,011 | 7,797,608 |

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

Ijeoma Agboti (Managing Director)
FRC/2018/IODN/00000018399

Oladipo Olufemi (Chief Financial Officer)
FRC/2013/ICAN/00000004786

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS**
Approved by the Board of Directors on 10 March 2021

## 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 2020** | 150,000 | 1,900,000 | (85,561) | 1,575,398 | 379,706 | 3,919,543 |
| Profit for the year | - | - | - | - | 340,894 | 340,894 |
| **Other comprehensive income or loss** | | | | | | |
| Dividend paid during the year | - | - | - | - | (100,000) | (100,000) |
| Fair value gain on financial assets through other comprehensive income | - | - | (5,381) | - | - | (5,381) |
| Net changes in allowance in FVOCI instruments | | | - | | | - |
| **Total comprehensive income** | - | - | (5,381) | - | 240,894 | 235,513 |
| **At 31 December 2020** | 150,000 | 1,900,000 | (90,942) | 1,575,398 | 620,600 | 4,155,056 |
| **At 1 January 2019** | 150,000 | 1,900,000 | (84,038) | 1,575,398 | 383,438 | 3,924,798 |
| 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 | 379,706 | 3,919,543 |

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

## THE STATEMENT OF CASHFLOWS

| | Note | 31 December 2020 N '000 | 31 December 2019 N '000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax | | 345,041 | 149,584 |
| *Adjustment for:* | | | |
| Interest income | 5 | (44,631) | (143,461) |
| Gain on financial assets | 9 | (130,770) | (219,208) |
| Fair value loss on financial assets at fair value through profit or loss | 9 | 53,168 | 130,962 |
| Dividend income | 6 | (181,217) | (125,378) |
| Foreign exchange gain on currency translations | 8 | (407,368) | (8,879) |
| Profit on disposal of property and equipment | 7 | (750) | - |
| Interest expense - lease liability | | 240 | - |
| Depreciation | 10 | 2,212 | 389 |
| Impairment charge | | 133,363 | 470 |
| *Changes in working capital:* | | | |
| (Increase) in prepayment | | (13,294) | (4,173) |
| (Increase) in other receivables | | (98,474) | (18,484) |
| Increase in other liabilities | | 2,666 | 674,715 |
| Cash (used in)/generated from operations | | (339,814) | 436,537 |
| Income taxes paid | | (3,470) | (180,035) |
| **Net cashflows (used in)/generated from operating activities** | | (343,284) | 256,502 |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | | (27,700) | (655) |
| Proceeds from sale of property and equipment | | 750 | - |
| Proceeds from disposal of fair value through profit or loss financial assets | | 460,905 | 572,676 |
| Proceeds from disposal of fair value through other comprehensive income | | 28,310 | - |
| Proceeds from disposal of finacial asset at amortized cost | | 713,175 | - |
| Dividend received | | 181,217 | 125,378 |
| Interest received | | 16,599 | 143,904 |
| Decrease/(Increase) in Financial assets at fair value through profit or loss | | (286,011) | 576,536 |
| Investment in Financial assets at amortized cost | | - | (2,196) |
| **Net cashflows generated from investing activities** | | 1,087,245 | 1,415,643 |
| Net Increase/ decrease in cash and cash equivalents | | 743,961 | 1,672,145 |
| Cash and cash equivalents at start of year | | 1,697,772 | 25,627 |
| **Cash and cash equivalents at end of year** | 14 | 2,441,733 | 1,697,772 |

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

Ammendments effective 1 January 2020

**Amendments to IAS 1 AND IAS 8- Definition of Material**

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

• that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

• the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The company has taken into consideration the new definition in the preparation of its financial statement.

**Amendments to IFRS 3 - Business Combination**

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

They include:
• That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
• Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
• Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
• Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
• Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This amendment does not have any impact to the company.

Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2020: The Company has not early adopted any of these standards.

| Standard | Effective Date | Key Requirements |
|---|---|---|
| IAS 16- Amendment to IAS 16 Property, Plant and Equipment | 1-Jan-22 | This amendment prohibits a company from deducting from the cost of property, plant and equipment, amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.<br>The amendment is not expected to have any impact on the company. |
| IAS 37 -Amendment to IAS 37 Provisions, Contingent liabilities and Contingent assets | 1-Jan-22 | This amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).<br><br>The amendment does not have any material impact to the company. |
| IAS 1 Amendment to IAS 1 Presentation of Financial Statements | 1-Jan-23 | In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment clarifies:<br><br>• What is meant by a right to defer settlement.<br>• That a right to defer must exist at the end of the reporting period.<br>• That classification is unaffected by the likelihood that an entity will exercise its deferral right.<br>• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.<br><br>The amendment does not have any material impact to the company |
| IFRS 17 Insurance Contracts | 1-Jan-23 | The IASB issued IFRS 17 in May 2017 . The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard.<br><br>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.<br><br>This standard does not impact the company as the company does not engage in insurance businesses. |

## 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 Financial assets at other comprehensive income are included in other comprehensive income and cumulated in the 'fair value reserve' in equity.

### 2.4.1 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.

## 2.5 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.

## 2.6 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 accumulated 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 2020 (2019: 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.

## 2.7 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 Companyed 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.

## 2.8 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.

### 2.8.1 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.

**2.8.1 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)".

**2.8.1 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.

**2.8.1 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.

**2.8.2 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.

***2.8.3*** **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.

### *2.8.3* 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. 9 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a 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.

### 2.10 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 Tax*

Deferred 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 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 tax asset is realised or the deferred 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 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.

## 2.11 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.

## 2.12 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.

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

## 2.14 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.

## 2.15 Leases

FBNQuest Funds Limited has applied IFRS 16 Leases with a date of initial application of 1 January 2019 and has changed its accounting policies for lease contracts disclosed in Note 18. FBNQuest Funds has applied IFRS 16 using the modified restropective approach explained in Note 18.

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. 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.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be 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 space and car parks. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 5 years. On renewal of a lease, the terms may be renegotiated. 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 not to separate lease and non-lease components and and instead accounts for these as a single lease component.

Until the 2018 financial year, leases of property were classified as either finance or 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.

**Lease Liability**
At the commencement date of a lease, the Company recognises lease liabilities measured 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 FBNQuest Funds 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 FBNQuest Funds 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 interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee 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. To determine the incremental borrowing rate, the Company uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by FBNQuest Funds and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. 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 by 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 where applicable.

**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 $5,000 when new, e.g., 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 no short term or low value leases as at the reporting date.

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

**Critical judgements**

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

The following factors are normally the most relevant:

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

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

## 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 2020 | 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 | - | - | 2,441,733 | - |
| Financial assets: | | | | |
| Fair value through profit or loss | 4,826,900 | - | - | - |
| Fair value through other comprehensive income | - | 195,516 | - | - |
| Amortised Cost | - | - | 610,126 | - |
| **Financial liabilities:** | | | | |
| Other liabilities | - | - | - | 970,083 |
| Deposit for shares | - | - | - | 2,928,219 |

| 31 December 2019 | 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 | - | - | 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 |

### 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 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Cash and cash equivalents | 2,441,733 | 1,697,772 |
| Fair value through other comprehensive income: | | |
| Preference shares | - | 23,592 |
| Convertible debt notes | 104,621 | 104,621 |
| Corporate Eurobond | 90,894 | 84,398 |
| Amortised Cost | 610,126 | 1,207,062 |
| | 3,247,374 | 3,117,445 |

#### 3.1.1 Credit quality

Credit quality of the financial assets is summarised as follows:

| At 31 December 2020 | Cash and cash equivalents | Fair value through other comprehensive income | Loans & other receivable | Total |
|---|---|---|---|---|
| | N'000 | N'000 | N'000 | N'000 |
| Stage 1 | 2,441,733 | 195,516 | 610,126 | 3,247,375 |
| Stage 2 | - | - | - | - |
| | 2,441,733 | 195,516 | 610,126 | 3,247,375 |

| 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 |

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 2020** | **Nigeria N'000** | **N'000** |
|---|---|---|
| Cash and cash equivalents | 2,441,733 | 2,441,733 |
| Financial assets: | | |
| Fair value through other comprehensive income | 195,516 | 195,516 |
| Amortised Cost | 610,126 | 610,126 |
| | 3,247,375 | 3,247,375 |

| **31 December 2019** | **Nigeria N'000** | **Total N'000** |
|---|---|---|
| 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 |

### 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 N2.44billion (2019:N1.70billion) 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 Companyings 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 2020** | **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 '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| Financial liabilities | | | | | | |
| Deposit for shares | 2,928,219 | 2,928,219 | - | - | - | 2,928,219 |
| Other payables | 970,083 | 970,083 | - | 970,083 | - | - |
| | 3,898,302 | 3,898,302 | - | 970,083 | - | 2,928,219 |
| Assets | | | | | | |
| Cash and cash equivalents | 2,441,733 | 2,441,733 | 2,441,733 | - | - | - |
| Fair value through profit or loss | 4,826,900 | 4,826,900 | - | - | - | 4,826,900 |
| FVOCI | 195,516 | 195,516 | - | - | - | - |
| Amortised cost | 610,126 | 610,126 | - | - | 610,126 | - |
| | 8,074,275 | 8,074,275 | 2,441,733 | - | 610,126 | 4,826,900 |

| **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 '000 | N '000 | N '000 | N '000 | N '000 | N '000 |
| 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 | | | | | | |
| Fair value through profit or loss | 1,697,772 | 1,697,772 | 1,697,772 | - | - | - |
| FVOCI | 4,656,508 | 4,656,508 | - | - | - | 4,656,508 |
| Amortized cost | 212,611 | 212,611 | - | - | - | - |
| | 6,566,891 | 6,566,891 | 1,697,772 | - | - | 4,656,508 |

### 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 2020 was N4.83billion (2019: N4.66billion). 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 N241million (2019: N233million).

### 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 2020 and 31 December 2019. 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 2020** | | | |
| Cash and bank balances | 47,542 | 59,935 | 107,477 |
| Financial asset fair value through profit and loss | 665,406 | 4,161,494 | 4,826,900 |
| **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 |

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 2020 | 31 December 2019 |
|---|---|---|
| Cash and bank balance | | |
| Naira strengthens by 10% against the US dollar : Profit/(loss) | 5,993 | 50 |
| Naira weakens by 10% against the US dollar : Profit/(loss) | (5,993) | (50) |
| Financial asset fair value through profit and loss | | |
| Naira strengthens by 10% against the US dollar : Profit/(loss) | 416,149 | 348,820 |
| Naira weakens by 10% against the US dollar : Profit/(loss) | (416,149) | (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 2020** | **Carrying amount** | **Fixed interest** | **Non interest-bearing** |
|---|---|---|---|
| | N'000 | N'000 | N'000 |
| **Assets** | | | |
| Cash and cash equivalents | 2,441,733 | - | 2,441,733 |
| Fair value through profit or loss | 4,826,900 | - | 4,826,900 |
| Fair value through other comprehensive income | 195,516 | 195,516 | - |
| Loans at amortised cost | - | - | - |
| Other receivables at amortised cost | 722,059 | - | 722,059 |
| | 8,186,208 | 195,516 | 7,990,692 |
| | Carrying amount | Fixed interest | Non interest-bearing |
| **Liabilities** | N'000 | N'000 | N'000 |
| Deposit for shares | 2,928,219 | - | 2,928,219 |
| Other liabilities | 970,083 | - | 970,083 |
| | 3,898,302 | - | 3,898,302 |
| Interest rate gap | 4,287,906 | 195,516 | 4,092,390 |

| **Interest rate risk** | **Carrying** | **Fixed** | **Non interest-** |
|---|---|---|---|
| **31 December 2019** | **amount** | **interest** | **bearing** |
| **Assets** | N'000 | N'000 | N'000 |
| Cash and cash equivalents | 1,697,752 | - | 1,697,752 |
| 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 |
| | 7,774,347 | 775,107 | 6,999,241 |
| **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 | 3,980,541 | 775,107 | 3,205,434 |

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 2020** | | |
| **Asset:** | | |
| Effect of 100 basis points movement on profit before tax (N'000) | 24,417,330 | (24,417,330) |
| **Liability:** | | |
| Effect of 100 basis points movement on profit before tax (N'000) | 1,039,830 | (1,039,830) |
| **31 December 2019** | 1% increase | 1% decrease |
| **Asset:** | | |
| Effect of 100 basis points movement on profit before tax (N'000) | 16,977,720 | (16,977,720) |
| **Liability:** | | |
| Effect of 100 basis points movement on profit before tax (N'000) | 888,410 | (888,410) |

### 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 2020.

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **Assets** | **N'000** | **N'000** | **N'000** |
| Financial assets at fair value through profit or loss | | | |
| - Unquoted equities | - | - | 4,826,900 |
| Fair value through other comprehensive income financial assets | | | |
| - FGN Bonds | 90,894 | - | - |
| - Convertible debt notes | - | - | 104,621 |
| Total | 90,894 | - | 4,931,521 |

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

| | Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| **Assets** | **N'000** | **N'000** | **N'000** |
| 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 |

*- 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 2020:

| **Reconciliation of level 3 items** | **2020** | **2019** |
|---|---|---|
| | **N'000** | **N'000** |
| At beginning of year | 4,784,722 | 5,996,873 |
| Additions | 283,271 | 398,996 |
| Disposals | (452,356) | (1,486,564) |
| Gains/(losses) recognised in | | |
| - in Other comprehensive income (OCI) | - | (1,577) |
| - in Profit or loss | (53,168) | (130,962) |
| Impairment | - | 54 |
| Foreign exchange gain | 369,052 | 7,902 |
| At end of the year | 4,931,521 | 4,784,722 |

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 2020 (2019:nil )

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

| **Description** | **Fair value at 31 December 2020** | **Valuation technique** | **Unobservable input** | **Weighted average input** | **Reasonable possible shift +/- (absolute value)** | **Change in valuation(+/-)** |
|---|---|---|---|---|---|---|
| **Ordinary shares** | | | | | | |
| MP Budget Limited | 49,260 | Comparable trading multiples | EV/Revenue multiple | 2.26x | 1 | 27,669 |
| | | | Illiquidity discount | 15.00% | 10% | 5,795 |
| Resourcery Plc | 188,603 | | NASD | 0.45 | 0.1 | 41,912 |
| VT Leasing Limited | 90,521 | | EV/Revenue multiple | 1.83x | 0.2 | 50,445 |
| | | | Illiquidity discount | 15.00% | 10% | 10,650 |
| EchoVC Pan African Fund 1 | 1,361,261 | Net asset valuation based on fund manager's report | Investment valuation | NA | NA | NA |
| Lekky Budget Hotel | 239,957 | Market approach | NA | NA | NA | NA |
| Avery Row Capital GP | 1,981,648 | Transaction Price | NA | NA | NA | NA |
| TIDE AFRICA FUND I | 818,586 | Capital account balance | NA | NA | NA | NA |
| Pagatech Holdings | 97,064 | Transaction Price | NA | NA | NA | NA |
| **Total** | **4,826,900** | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Convertible debt** | | | | | | |
| VT Leasing Limited | 104,621 | Discounted cash flows | Cost of capital | 29.64% | 2% | 2,974 |
| **Total** | **104,621** | | | | | |
| **Grand Total** | **4,931,522** | | | | | |

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 2020 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 | 4,656,508 | 23,592 | 104,621 | 4,784,721 |
| Additions | 283,271 | | - | 283,271 |
| Disposals | (428,764) | (23,592) | - | (452,356) |
| Net fair value gain/(loss) | (53,168) | - | - | (53,168) |
| Foreign exchange gain | 369,053 | - | - | 369,053 |
| At the end of the year | 4,826,900 | (0) | 104,621 | 4,931,522 |

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 |
|---|---|---|---|---|
| At the beginning of the year | 5,632,039 | 35,387 | 329,448 | 5,996,875 |
| Additions | 398,995 | - | - | 398,995 |
| Disposals | (1,251,339) | - | (224,827) | (1,476,166) |
| Net fair value gain/(loss) | (130,962) | (11,796) | - | (142,758) |
| Foreign exchange gain | 7,775 | - | - | 7,775 |
| At the end of the year | 4,656,508 | 23,592 | 104,621 | 4,784,721 |

*(b) Financial instruments not measured at fair value*

| | At 31 December 2020 | | At 31 December 2019 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| | N'000 | N'000 | N'000 | N'000 |
| **Financial assets** | | | | |
| Cash and cash equivalents | 2,441,733 | 2,441,733 | 1,697,772 | 1,697,772 |
| Amortized cost | 743,455 | 743,455 | 1,207,477 | 1,207,477 |
| **Financial liabilities** | | | | |
| Trade and other payables | 970,083 | 970,083 | 865,587 | 865,587 |
| 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 2020.

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Cash and bank balances | - | 2,441,734 | - | 2,441,734 |
| Loans and receivables | - | 743,455 | - | 743,455 |
| | - | 3,185,189 | - | 3,185,189 |
| | | **Level 2** | | **Total** |
| Trade and other payables | - | 970,083 | - | 970,083 |
| Deposit for shares | - | 2,928,219 | - | 2,928,219 |
| | - | 3,898,302 | - | 3,898,302 |

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 | - | 1,697,772 | - | 1,697,772 |
| Loans and receivables | - | 1,207,477 | - | 1,207,477 |
| | - | 2,905,249 | - | 2,905,249 |
| | | **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 |

## 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

*ii. Determining the lease term*

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

The following factors are normally the most relevant:

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

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

| 5 Interest income | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Interest on placements | 11,995 | 6,063 |
| Interest on corporate bonds | 7,522 | 7,093 |
| Coupon on convertible bonds | 24,567 | 130,305 |
| Interest on loan | 547 | - |
| | **44,631** | **143,461** |

| 6 Dividend income | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Dividend on unquoted equities | 181,217 | 125,378 |
| | **181,217** | **125,378** |

| 7 Other income | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Gain on disposal of fixed assets | 750 | - |
| Sundry income | 3,100 | 3,585 |
| Management fees | 59,500 | - |
| Recoveries from SMEEIS | - | 19,750 |
| | **63,350** | **23,335** |

| 8 Exchange Gain | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Exchange gain on financial assets at fair value through profit or loss | 410,108 | 8,879 |
| Exchange loss on bank balance | (2,739) | - |
| | **407,368** | **8,879** |

| 9 Fair value loss on financial assets at fair value through profit or loss | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Loss on fair value measurement of unquoted equities | (53,168) | (130,962) |
| Unquoted financial instruments | 130,770 | 219,208 |
| | **(53,168)** | **(130,962)** |

| 10 Operating expenses | Note | 31 December 2020 | 31 December 2019 |
|---|---|---|---|
| | | N'000 | N'000 |
| Depreciation expense | | 490 | 389 |
| Depreciation expense - Right of use assets | | 1,722 | 1,514 |
| Maintenance expense | | 7,924 | 5,478 |
| Professional fees | | 12,988 | 10,204 |
| Directors Emolument | | 72,820 | 57,305 |
| Other operating expenses | 11.0 | 102,190 | 101,397 |
| Personnel expenses | 12.1 | 97,630 | 62,958 |
| | | **295,764** | **239,245** |

| 11 Other operating expense | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | N'000 | N'000 |
| Auditor's remuneration | 6,988 | 6,710 |
| Interest expense - lease liability | 240 | 334 |
| Shared service cost | 69,502 | 70,072 |
| General overheads and administrative expenses | 25,460 | 24,281 |
| | **102,190** | **101,397** |

Included in other operating expenses is the sum of N69.50m (2019: N70.07m) which represents the Company's portion of the cost of overheads and other technical services provided by its parent company, FBNQuest Capital Limited.

Also, included in Other operating expenses is the sum of N1.5m, being FRCN Fine on FBNQuest Funds Limited as penalty for certification of Financial statements with expired FRCN numbers.

| 12.1 Personnel expense | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | N'000 | N'000 |
| Wages and salaries | 34,973 | 21,797 |
| Other staff benefits | 7,265 | 13,578 |
| Pension costs - defined contribution plans | 3,636 | 1,186 |
| Performance bonus (accruals) | 51,756 | 26,397 |
| | **97,630** | **62,958** |

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

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | Number | Number |
| Managerial | - | - |
| Senior staff | 1 | 1 |
| Junior staff | 2 | 2 |
| | 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 2020 | 31 December 2019 |
|---|---|---|
| | Number | Number |
| N1,000,000 - N5,000,000 | - | - |
| N5,000,001 & above | 3 | 3 |
| | 3 | 3 |

### 12.3 Impairment

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Impairment charge on trade receivables | 133,329 | 470 |
| Impairment charge on other financial assets | 34 | - |
| | **133,363** | **470** |

### 13 Tax expense

| | Note | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|---|
| Company income tax | | 597 | 1,974 |
| Police trust fund levy | | 18 | - |
| Education tax | | - | - |
| Information Technology levy | | 3,532 | 1,342 |
| | | **4,147** | **3,316** |
| | | | - |

**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 2017: 30%) plus tertiary education tax of 2% (31 December 2017: 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 2020 N'000 | % |
|---|---|---|
| Profit before tax | 345,041 | 100% |
| Companies income tax | 597 | 0% |
| Police trust fund levy | 18 | 0% |
| IT levy | 3,532 | 1% |
| Education tax | - | 0% |
| Total tax charge | 4,147 | 1% |
| **Reconciliations** | | |
| Tax effect of temporary differences | - | 0% |
| Tax impact of prior year adjustment | - | 0% |
| Effective tax rate | **4,147** | **1%** |

| | 31 December 2019 N'000 | % |
|---|---|---|
| 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%** |

## 14 Cash and cash equivalents

| | 31 December 2020<br>N'000 | 31 December 2019<br>N'000 |
|---|---|---|
| Cash in hand | 20 | 20 |
| Cash in bank | 107,477 | 54,568 |
| Short term placement | 2,334,236 | 1,643,184 |
| | **2,441,733** | **1,697,772** |

## 15 Financial assets

| | Note | 31 December 2020<br>N'000 | 31 December 2019<br>N'000 |
|---|---|---|---|
| Fair value through profit or loss | 15.1 | 4,826,900 | 4,656,508 |
| Fair value through other comprehensive income | 15.2 | 195,516 | 212,611 |
| Amortised cost | 15.3 | 610,126 | 1,207,062 |
| | | **5,632,542** | **6,076,181** |

### 15.1 Fair value through profit or loss

Fair value through profit or loss financial assets comprise:

| | 31 December 2020<br>N'000 | 31 December 2019<br>N'000 |
|---|---|---|
| Unquoted equities | 4,826,900 | 4,656,509 |
| | **4,826,900** | **4,656,509** |
| Non-current | **4,826,900** | **4,656,509** |

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

| | 31 December 2020<br>N'000 | 31 December 2019<br>N'000 |
|---|---|---|
| Lekky Budget Hotel | 239,957 | 249,380 |
| Resourcery Plc | 188,603 | 188,603 |
| VT Leasing Limited | 90,521 | 225,805 |
| MP Budget Limited | 49,260 | 78,249 |
| Mama Cass Restaurants Limited | 0 | 47,127 |
| EchoVC Pan African Fund 1 | 1,361,261 | 1,247,052 |
| Avery Row Capital GP | 1,981,648 | 1,805,265 |
| Cayor Capital Holding Ltd | (0) | 57,824 |
| TIDE Africa Fund I | 818,586 | 657,205 |
| Pagatech Holdings | 97,064 | 100,000 |
| | **4,826,900** | **4,656,509** |

**15.2 Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income comprise:

| | Note | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|---|
| Convertible debt notes | 15.2.1 | 104,621 | 104,621 |
| Preference shares | 15.2.2 | - | 23,592 |
| Corporate Eurobond | | 90,894 | 84,398 |
| | | **195,516** | **212,611** |

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

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| VT Leasing Investment | 104,621 | 104,621 |
| | **104,621** | **104,621** |

**15.2.2** Preference shares were held in the following entities:

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Mama Cass Restaurants Limited | - | 23,592 |
| | **-** | **23,592** |

Movement in fair value through other comprehensive income:

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| At the beginning of the year | 212,611 | 439,332 |
| Accrued interest | 7,522 | 7,093 |
| Redemption and disposals | (27,641) | (232,364) |
| Impairment | (34) | - |
| Net fair value loss | (5,380) | (1,577) |
| Foreign exchange gain | 8,438 | 127 |
| At the end of the year | 195,516 | 212,611 |

Movement in fair value reserves

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| At 1 January | (85,614) | (84,037) |
| Fair value loss recognised in OCI | (5,380) | (1,577) |
| At 31 December | (90,994) | (85,614) |

**15.3 Amortised cost**

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Loans | - | 562,496 |
| Staff loans | 21,396 | - |
| Other receivable | 722,059 | 644,981 |
| | **743,455** | **1,207,477** |
| Impairment | (133,329) | (415) |
| Carrying Amount | **610,126** | **1,207,062** |

**15.3.1 Loans**

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| VT Leasing Limited | - | 2,307 |
| Cayor Capital Holding Ltd | - | 560,189 |
| | **-** | **562,496** |
| Non-Current | - | 562,496 |

**15.3.2 Other receivables**

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Account receivables | 306,866 | 326,288 |
| Receivable from FBN Capital Partners Limited | 102,236 | 5,736 |
| Receivable from FBNQuest Capital Limited | 312,957 | 312,957 |
| | **722,059** | **644,981** |
| Impairment | (133,329) | - |
| Carrying Value | 588,730 | 644,981 |

**16 Prepayments**

| | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|
| Prepayments | 22,894 | 9,600 |
| | **22,894** | **9,600** |
| Current | 22,894 | 9,600 |

**17 Property and equipment**

**31 December 2020**

| | 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 2020 | 5,279 | 3,677 | 18,717 | 132 | 27,805 |
| Addition | - | - | - | 27,700 | 27,700 |
| Disposal | (5,279) | - | - | - | (5,279) |
| **Balance as at 31 December 2020** | - | 3,677 | 18,717 | 27,832 | 50,226 |
| **Depreciation** | | | | | |
| Balance as at 1 January 2020 | 5,270 | 2,943 | 18,254 | - | 26,468 |
| Depreciation for the year | - | 342 | 147 | - | 490 |
| Disposal | (5,270) | - | - | - | (5,270) |
| **Balance as at 31 December 2020** | - | 3,286 | 18,401 | 0 | 21,687 |
| **Net book value at 31 December 2020** | - | 391 | 316 | 27,832 | 28,539 |

**31 December 2019**

| | Motor vehicles N'000 | Computer equipment N'000 | Furniture and fittings N'000 | WIP | 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 | - | 26,467 |
| **Net book value** | | | | | |
| **At 31 December 2019** | 9 | 734 | 463 | 132 | 1,338 |

**18.1 Right of use asset**

| | N'000 |
|---|---|
| Balance as at 1 January 2020 | 4,682 |
| Addition | 309 |
| **Balance as at 31 December 2020** | 4,991 |
| **Depreciation** | |
| Balance as at 1 January 2020 | 1,514 |
| Depreciation for the year | 1,722 |
| **Balance as at 31 December 2020** | 3,236 |
| **Net Balance** | 1,755 |

**18.2 Lease liabilities**

| | N'000 |
|---|---|
| Bal as at 1 January 2020 | 3,244 |
| Remeasurement | 308 |
| Interest | 240 |
| Payment | (1,830) |
| **Bal as at 31 December 2020** | 1,962 |

| **19 Deferred tax** | **31 December 2020** | **31 December 2019** |
|---|---|---|
| | **N'000** | **N'000** |
| At 1 January | 9,548 | 9,548 |
| 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 | - | - |

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit is probable. The company has a deferred tax assets amounting to N9.5million as at 31 December 2020(31 December 2019: N9.5 million. Based on management's assessment, the deferred tax asset is recoverable against future tax profits.

| 20 | **Other liabilities** | **31 December 2020** | **31 December 2019** |
|---|---|---|---|
| | | **N'000** | **N'000** |
| | Accruals | 103,983 | 88,841 |
| | Other statutory deductions | 5,052 | 185 |
| | Intercompany payable | 720,497 | 622,319 |
| | Employee benefit liability | (151) | 48 |
| | Unearned income | 3,599 | 3,598 |
| | Other payable | 137,103 | 150,596 |
| | | 970,083 | 865,587 |

| 21 | **Current tax liabilities** | **31 December 2020** | **31 December 2019** |
|---|---|---|---|
| | | **N'000** | **N'000** |
| | At start of the period | 81,014 | 257,733 |
| | Tax paid | (3,470) | (180,035) |
| | Income tax charge | 4,147 | 3,316 |
| | At end of the period | 81,691 | 81,014 |

| 22 | **Deposit for shares** | **31 December 2020** | **31 December 2019** |
|---|---|---|---|
| | 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 2020 | 31 December 2019 |
|---|---|---|
| | 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 2020 | 31 December 2019 |
|---|---|---|
| | N'000 | N'000 |
| Share premium | 1,900,000 | 1,900,000 |

## 25 Other equity reserves

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | 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.

## 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 2020 | 31 December 2019 |
|---|---|---|
| | N'000 | N'000 |
| Executive compensation | 72,820 | 57,305 |
| | 72,820 | 57,305 |
| Amount paid to the highest paid director | 72,820 | 57,305 |

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

| | 31 December 2020 | 31 December 2019 |
|---|---|---|
| | 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 2020 | 31 December 2019 |
|---|---|---|---|---|---|
| | | | | N'000 | N'000 |
| *i* | FBNQuest Capital Limited | Parent | Interest Income | - | 23,409 |

***Due to related companies***

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

| Entity | Relationship | Description | 31 December 2020 | 31 December 2019 |
|---|---|---|---|---|
| | | | N'000 | N'000 |
| FBNQuest Capital Limited | Parent | Intercompany payable | 720,497 | 622,319 |
| FBNQuest Capital Limited | Parent | Deposit for shares | 2,928,219 | 2,928,219 |
| | | | **3,648,716** | **3,550,538** |

***Due from related companies***

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

| Entity | Relationship | Description | 31 December 2020 | 31 December 2019 |
|---|---|---|---|---|
| | | | N'000 | N'000 |
| First Bank of Nigeria Limited | Subsidiary of ultimate parent | Cash in bank | 2,441,713 | 1,697,752 |
| FBN Capital Partners Limited | Co-subsidiary | Intercompany receivable | 102,236 | 5,736 |
| FBNQuest Capital Limited | Parent | Intercompany receivable | 312,957 | 312,957 |
| | | | **2,856,906** | **2,016,445** |

**27 Contingent liabilities**

*Legal proceedings*

The Company is not presently involved in any litigation suit as at 31 December 2020.

**28 Capital commitments**

The Company had no capital commitments as at 31 December 2020 (31 December 2019: 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 2020 (31 December 2019: nil) and on the profit for the year ended on that date which have not been adequately provided for or recognised.

**FBNQUEST FUNDS LIMITED**

**VALUE ADDED STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

| | 2020<br>N'000 | % | 2019<br>N'000 | % |
|---|---|---|---|---|
| Gross earnings | 774,169 | | 389,299 | |
| Bought in materials and services - local | (203,026) | | (177,421) | |
| **Value added** | 571,143 | 100% | 211,878 | 100% |
| **Distribution** | | | | |
| *Employees* | | | | |
| Wages, salaries and benefits | 97,630 | 17% | 62,958 | 30% |
| *Government* | | | | |
| Tax and statutory levy | 4,147 | 1% | 3,316 | 2% |
| *To pay providers of capital* | | | | |
| Interest charges | - | 0% | - | 0% |
| *The future* | | | | |
| Asset replacement - depreciation and amortization | 490 | 0% | 389 | 0% |
| Impairment | 133,363 | 23% | 470 | 0% |
| Expansion - transfer to reserves | 335,513 | 59% | 144,745 | 68% |
| | 571,143 | 100% | 211,878 | 100% |

**FBNQUEST FUNDS LIMITED**

**FIVE YEAR FINANCIAL SUMMARY**

| | 31-Dec-20<br>N'000 | 31-Dec-19<br>N'000 | 31-Dec-18<br>N'000 | 31-Dec-17<br>N'000 | 31-Dec-16<br>N'000 | Restated<br>31-Dec-15<br>N'000 |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash and cash equivalents | 2,441,733 | 1,697,772 | 25,627 | 19,921 | 12,998 | 302,769 |
| Financial assets: | | | | | | |
| Fair value through profit or loss | 4,826,900 | 4,656,508 | 5,632,039 | 5,538,049 | 3,480,862 | 2,863,136 |
| Fair value through other comprehensive incon | 195,516 | 212,611 | 439,332 | 439,954 | 527,455 | 500,886 |
| Amotised cost | 610,126 | 1,207,062 | 1,188,578 | 1,348,679 | 3,266,839 | 3,647,377 |
| Prepayments | 22,894 | 9,600 | 5,427 | 1 | 1 | 2,191 |
| Deferred tax asset | 9,548 | 9,548 | 9,548 | 151,614 | 174,910 | 183,807 |
| Property and equipment | 28,539 | 1,338 | 1,073 | 584 | 1,924 | 7,072 |
| Right of use asset | 1,755 | 3,169 | - | - | - | - |
| **TOTAL ASSETS** | **8,137,011** | **7,797,608** | **7,301,624** | **7,498,801** | **7,464,989** | **7,507,238** |
| **LIABILITIES** | | | | | | |
| Other liabilities | 970,083 | 865,587 | 190,115 | 148,655 | 26,625 | 75,317 |
| Tax payable | 81,691 | 81,014 | 257,733 | 122,739 | 102,544 | 107,820 |
| Deposit for shares | 2,928,219 | 2,928,219 | 2,928,977 | 2,928,188 | 2,928,297 | 2,928,237 |
| Lease liabilities | 1,962 | 3,244 | - | - | - | - |
| **TOTAL LIABILITY** | **3,981,955** | **3,878,064** | **3,376,825** | **3,199,582** | **3,057,466** | **3,111,374** |
| **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 | 1,575,398 |
| Fair value reserves | (90,942) | (85,560) | (84,037) | (8,919) | 132,541 | 144,347 |
| Retained earnings | 620,600 | 379,706 | 383,438 | 682,741 | 649,584 | 626,119 |
| **TOTAL EQUITY** | **4,155,056** | **3,919,544** | **3,924,799** | **4,299,219** | **4,407,523** | **4,395,864** |
| **TOTAL EQUITY AND LIABILITY** | **8,137,011** | **7,797,608** | **7,301,624** | **7,498,801** | **7,464,989** | **7,507,238** |
| Gross earnings | 774,168 | 389,299 | 216,879 | 389,299 | 327,417 | 460,892 |
| Profit before taxation | 345,041 | 149,584 | 617,906 | 149,584 | 56,121 | 149,179 |
| Profit after taxation | 340,894 | 146,268 | 295,805 | 146,268 | 23,463 | 132,171 |
| Transfer to retained earnings | 340,894 | 146,268 | 295,805 | 146,268 | 23,463 | 132,171 |