

# FINANCIAL STATEMENTS

for the year ended  
31 December 2021

**FBNQuest Securities Limited**  
**Financial Statements**  
**for the Year ended 31 December 2021**

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## **CORPORATE INFORMATION**

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### **Registered & Business Office**

16, Keffi street  
Off Awolowo road  
Ikoyi S W  
Lagos  
Tel: 234 (1) 2798300, 234 (1) 270 7180 – 9

### **Business Office**

16, Keffi street  
Off Awolowo road  
S.W. Ikoyi  
Lagos

**RC Number: 169024**  
**TIN Number: 00069940-0001**

### **Bankers**

First Bank of Nigeria Plc  
35, Marina Lagos.

FBNQuest Merchant Bank Limited  
16 Keffi Street, Off Awolowo Road, S/w ikoyi, Lagos

Guaranty Trust Bank Plc  
635 Akin-Adeshola (GTBank Head Office), Victoria Island, Lagos.

Citibank Nigeria Limited  
27 Kofo Abayomi St, Victoria Island 106104, Lagos

### **Auditor**

KPMG Professional Services  
KPMG Towers,  
Bishop Aboyade Cole Street,  
Victoria Island 100272, Lagos  
<https://home.kpmg/ng>

**DIRECTORS' REPORT**

The directors present their report on the affairs of FBNQuest Securities Limited ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2021.

**(a) Legal form**

The Company was incorporated as a private limited liability company on 23 July, 1991 and is a wholly owned subsidiary of FBNQuest Merchant Bank Limited which itself is a wholly owned subsidiary of FBN Holdings Plc. The name of the Company was first changed from Premium Securities Limited to FBN Securities Limited on 25 February, 2008 and approval obtained from the Corporate Affairs Commission (CAC) on 26 March, 2008. Furthermore, the CAC approval was equally granted on 25 October, 2017 to change the name to FBNQuest Securities Limited.

**(b) Principal activity**

The Company is engaged in the business of stock brokerage.

**(c) Operating results**

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

	<b>31 December 2021 N'000</b>	<i>Restated</i> <b>31 December 2020 N'000</b>
<b>Gross earnings</b>	<u>400,991</u>	<u>247,377</u>
<b>Profit/(loss) before tax</b>	12,317	(151,641)
<b>Minimum tax</b>	<u>(988)</u>	<u>(621)</u>
<b>Profit after minimum tax</b>	<b>11,329</b>	<b>(152,262)</b>
<b>Tax expense/(credit)</b>	(125)	3,538
<b>Profit/(loss) after tax</b>	<u>11,204</u>	<u>(148,103)</u>

**(d) Directors and their interests**

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

Mr. Taiwo Okeowo	Chairman
Mr. Bunmi Asaolu	Director
Mr. Tseyi Hammond	Director
Mr. Afolabi Olorode	Director
Mrs. Fiona Ahimie	Managing Director

The directors are representatives of the parent company, FBNQuest Merchant Bank Limited, and have no direct or indirect holdings in the Company required to be disclosed under section 301 of the Companies and Allied Matter Act (CAMA).

**(e) Directors' interests in contracts**

For the purpose of section 303 of the Companies and Allied Matters Act, none of the directors had direct or indirect interests in 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 15 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 shareholding pattern of the Company as at 31 December 2021 is as stated below:

<b>Share range</b>	<b>Entity</b>	<b>Number of holders</b>	<b>Units</b>	<b>Units %</b>
100,0001 - 500,000,000	FBNQuest Merchant Bank Limited	1	800,000,000	100

**DIRECTORS' REPORT**

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**(h) Donations and charitable gifts**

The company did not make any donations requiring disclosure during the year ended.

**(i) Events after end of reporting period**

The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 31 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Company has reviewed the provisions of the Act and have made appropriate adjustments to the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act.

**(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.

**(k) 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 to that of other employees.

**(l) Employee consultation and training**

The Company places considerable value on the involvement of its employees and has continued its previous 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 also organises in-house and external training for its employees.

**(m) Auditors**

In line with Corporate Governance requirements, PWC ceased to be the Company's auditors in 2020. However, the Board approved the appointment of Messrs. KPMG Professional Services (KPMG) as the new external auditors to the Company and this appointment was further ratified at the Company's 2021 Annual General Meeting. Consequently, KPMG who now serves as the Company's auditors effective 2021 financial year.

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Company. In accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA) 2020, therefore, the auditor will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD




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**Emamuzo Idegbesor**

**Company Secretary**

**FRC/2021/002/00000023925**

March 31, 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not remain a going concern in the year ahead.

### **SIGNED ON BEHALF OF THE DIRECTORS BY:**



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**Fiona Ahimie**

**Director**

**FRC/2016/ICAN/00000014040**

March 31, 2022



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**Taiwo Okeowo**

**Director**

**FRC/2013/ICAN/00000002240**

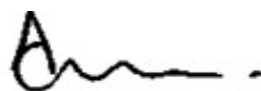
March 31, 2022

## STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Group Chief financial Officer, hereby certify the financial statements of FBNQuest Securities Limited for the year ended 31 December 2021 as follows:

- (a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2021.
- (b) That 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, in the light of the circumstances under which such statement was made.
- (c) That 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 year ended 31 December 2021.
- (d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the companies, during the year ended 31 December 2021.
- (e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date
- (f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- (g) That we have disclosed the following information to the Company's Auditors and Audit Committee:
- (i) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
- (ii) There is no fraud that involves management or other employees who have a significant role in the Company's internal control.




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**Olamide Adeosun**  
**Group Chief Financial Officer**  
**FRC/2020/001/00000022332**  
 March 31, 2022




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**Fiona Ahimie**  
**Managing Director**  
**FRC/2016/ICAN/00000014040**  
 March 31, 2022



**KPMG Professional Services**

KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 40014, Falomo  
Lagos

Telephone 234 (1) 271 8955  
234 (1) 271 8599  
Internet home.kpmg/ng

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of FBNQuest Securities Limited

**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of FBNQuest Securities Limited (the Company), which comprise:

- the statement of financial position as at 31 December, 2021;
- the statement of comprehensive income
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter relating to comparative information**

The financial statements of the Company as at and for the year ended 31 December 2020, excluding the adjustments described in Note 25 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 March 2021.

As part of our audit of the financial statements as at and for the year ended 31 December 2021, we audited the adjustments described in Note 25 that were applied to restate the comparative information presented as at and for the year ended 31 December 2020. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2020, other than with respect to the adjustments described in Note 25 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole.

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Registered in Nigeria No BN 986925

**Partners:**

Adegoke A. Oyelami	Ayodele H. Othihiwa	Joseph O. Tegbe	Olanike I. James	Tayo I. Ogungbenro
Adekunle A. Elebute	Bolanle S. Afolabi	Kabir O. Okunola	Olufemi A. Babem	Temitope A. Onitiri
Adetola P. Adeyemi	Chibuzor N. Anyanechi	Lawrence C. Amadi	Olumide O. Olayinka	Tolulope A. Odukale
Adevalle K. Ajayi	Chineme B. Nwigbo	Martins I. Arogie	Olusegun A. Sowande	Uzodinma G. Nwankwo
Ajibola O. Olomola	Elijah O. Oladunmoye	Mohammed M. Adama	Olutoyin I. Ogunlowo	Victor U. Onyenkpa
Akinyemi Ashade	Goodluck C. Obi	Nneka C. Eluma	Oluwafemi O. Awotoyo	
Ayobami L. Salami	Ibitomi M. Adepoju	Olabinpe S. Afolabi	Oluwatoyin A. Gbagi	
Ayodele A. Soyinka	Ijeoma T. Emezie-Ezigbo	Oladimeji I. Salaudeen	Oseme J. Obalajo	



However, in our opinion, the adjustments described in Note 25 are appropriate and have been properly applied.

### ***Other Information***

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility for the financial statements and Other National Disclosures, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

*Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020*

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books
- iii. The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account

Oseme J. Obaloje  
FRC/2012/ICAN/00000004803  
For: KPMG Professional Services  
Chartered Accountants  
31 March 2022  
Lagos, Nigeria



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED**

	<b>Note</b>	<b>31 December 2021 N '000</b>	<i>Restated</i> <b>31 December 2020 N '000</b>
Fees and commission	4	268,632	188,522
Interest income	5	46,581	37,575
Other income	6	85,777	21,280
		<b>400,991</b>	<b>247,377</b>
Operating expenses	7	290,927	325,891
Impairment loss on financial assets	8	17,649	8,260
Personnel expenses	9	80,097	64,866
		<b>388,674</b>	<b>399,017</b>
<b>PROFIT BEFORE TAX</b>		<b>12,317</b>	<b>(151,641)</b>
Minimum Tax	10(a)	(988)	(621)
<b>PROFIT AFTER MINIMUM TAX</b>		<b>11,329</b>	<b>(152,262)</b>
Income tax (expense)/credit	10(a)	(125)	3,538
<b>PROFIT AFTER TAX</b>		<b>11,204</b>	<b>(148,724)</b>
<b>Other comprehensive profit/(loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
- Equity investments at FVOCI – net change in fair value		106,044	10,579
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
- Debt investments at FVOCI – net change in fair value		(4,050)	10,135
- Debt investments at FVOCI – reclassified to profit or loss		(7,937)	-
<b>TOTAL COMPREHENSIVE INCOME NET OF TAX</b>		<b>105,260</b>	<b>(128,010)</b>

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

**STATEMENT OF FINANCIAL POSITION**

	Note	31 December 2021 N '000	Restated 31 December 2020 N '000
<b>ASSETS</b>			
Cash and cash equivalents	11	1,139,535	1,119,445
<i>Financial assets:</i>			
Fair value through profit or loss	12.1	101,485	86,059
Fair value through other comprehensive income	12.2	474,460	761,134
Other Assets	13	124,251	351,205
Deferred tax assets	14	399,563	399,563
Intangible assets	15	5,563	17,599
Property and equipment	16	8,134	11,456
Deposit with Nigerian Stock Exchange	17	-	1,150
<b>TOTAL ASSETS</b>		<b>2,252,991</b>	<b>2,747,611</b>
<b>LIABILITIES &amp; EQUITY</b>			
<b>LIABILITIES</b>			
Customer deposits	18	394,835	1,476,522
Current tax liabilities	19	1,113	621
Other liabilities	20	924,402	443,088
<b>TOTAL LIABILITIES</b>		<b>1,320,350</b>	<b>1,920,231</b>
<b>EQUITY</b>			
Share capital	21(a)	800,000	800,000
Share premium	21(b)	1,700,000	1,700,000
Accumulated losses	21(c)	(1,671,535)	(1,722,248)
Fair value reserve	21(d)	104,176	49,628
<b>TOTAL EQUITY</b>		<b>932,641</b>	<b>827,380</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>2,252,991</b>	<b>2,747,611</b>

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

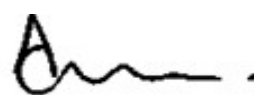
Authorised and approved for issue by the Board of Directors on March 31, 2022



**Fiona Ahimie**  
**Managing Director**  
**FRC/2016/ICAN/00000014040**



**Taiwo Okeowo**  
**Chairman**  
**FRC/2013/ICAN/00000002240**



**Olamide Adeosun**  
**Group Chief Financial Officer**  
**FRC/2020/001/00000022332**

**STATEMENT OF CHANGES IN EQUITY**

	<b>Share capital N'000</b>	<b>Share premium N'000</b>	<b>Fair value reserves N'000</b>	<b>Accumulated loss N'000</b>	<b>Total N'000</b>
<b>Balance at 1 January 2021 as previously reported</b>	800,000	1,700,000	49,628	(1,725,625)	824,002
Impact of correction of errors	-	-	-	3,377	3,377
<b>Balance at 1 January 2021 (Restated)</b>	800,000	1,700,000	49,628	(1,722,248)	827,379
Profit for the year	-	-	-	11,204	11,204
Other comprehensive income for the year	-	-	94,057	-	94,057
Transfer from fair value reserve on disposed equity investment			(39,510)	39,510	-
	800,000	1,700,000	104,175	(1,671,534)	932,641
<b>At 31 December 2021</b>	800,000	1,700,000	104,175	(1,671,534)	932,641
	<b>Share capital N'000</b>	<b>Share premium N'000</b>	<b>Fair value reserves N'000</b>	<b>Accumulated loss N'000</b>	<b>Total N'000</b>
<b>Balance at 1 January 2020</b>	800,000	1,700,000	28,914	(1,573,525)	955,389
Loss for the year	-	-	-	(152,100)	(152,100)
Other comprehensive income for the year	-	-	20,714	-	20,714
	800,000	1,700,000	49,628	(1,725,625)	824,003
<b>At 31 December 2020</b>	800,000	1,700,000	49,628	(1,725,625)	824,003

**STATEMENT OF CASHFLOWS**

	<b>Note</b>	<b>31 December 2021 N '000</b>	<b>31 December 2020 N '000</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	<b>22(a)</b>	(77,705)	(159,105)
Change in operating assets	<b>22(b)</b>	(392,335)	276,140
Tax paid	<b>19</b>	-	(1,495)
<b>Net cashflows (used in)/ generated from operating activities</b>		<b>(470,040)</b>	<b>115,540</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	<b>16</b>	(1,000)	(566)
Purchase of intangible assets	<b>15</b>	(1,268)	-
Purchase of investment securities	<b>12.4</b>	(786,428)	-
Purchase of Placements	<b>11.1</b>	(14,756,900)	-
Proceeds from matured placements	<b>11.1</b>	14,028,075	-
Proceeds from disposal of investment	<b>12.4</b>	1,193,185	-
Proceeds from sale of property and equipment		148	625
Interest received	<b>22(b)iv</b>	64,719	63,968
Dividend received	<b>22(b)i</b>	7,544	1,783
<b>Net cashflows generated from investing activities</b>		<b>(251,925)</b>	<b>65,810</b>
Net increase in cash and cash equivalents		(721,965)	181,350
Cash and cash equivalents at start of year	<b>11</b>	1,119,445	938,095
Effect of exchange rate fluctuations on cash held		4,694	-
<b>Cash and cash equivalents at end of year</b>	<b>11</b>	<b>402,174</b>	<b>1,119,445</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

**1 General information**

FBNQuest Securities Limited was incorporated as Premium Securities Limited, a private limited liability company on 23 July, 1991 as a wholly owned subsidiary of FBNQuest Merchant Bank Limited which itself is a wholly owned subsidiary of FBN Holdings Plc. The name of the Company was changed to FBN Securities Limited on 25 February, 2008 and approval obtained from the Corporate Affairs Commission (CAC) on 26 March, 2008. Furthermore, approval to change the name of the company to FBNQuest Securities Limited was granted on 25 October, 2017.

The principal activity of the Company is to provide stock brokerage services.

The financial statements for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 22nd March, 2022.

**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, unless otherwise stated.

**2.1 Basis of preparation**

The 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 for the year, 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 judgment in the process of applying the Company's accounting policies. 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 2.4.

**2.1.1 Going concern consideration**

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention

**2.1.2 Statement of compliance with relevant accounting and regulatory requirements/standards**

The financial statements have been prepared in accordance with all relevant accounting principles, International financial accounting standards as prescribed by the IASB - International Accounting Standards Board and extant regulatory requirements.

**2.1.3 Changes in accounting policy and disclosure****(a) Amendments effective 1 January 2021****(i) Effective date of IBOR reform Phase 2 amendments**

On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021 but have no significant impact on the company.

**(ii) COVID-19-Related Rent Concessions (Amendment to IFRS 16)**

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.

However, since lessors continue to grant COVID-19-related rent concessions to lessees and considering that the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to extend the time period for a year till 30 June, 2022 which the practical expedient is available for use. This amendment has no impact on the company as there are no lease assets or liability as at year-ended 31 December, 2021.

**(b) New standards and interpretations not yet adopted**

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 2021. The Company has not early adopted any of these standards.

Standard	Effective Date	Key Requirements
Amendments to IAS - Onerous Contracts – Cost of Fulfilling a Contract	1-Jan-22	<p>The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify that costs of fulfilling a contract comprise both:</p> <ul style="list-style-type: none"> <li>•the incremental costs – e.g. direct labour and materials; and</li> <li>•an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.</li> </ul> <p>This clarification is applicable for companies that apply the 'incremental cost' approach and they will need to recognise bigger and potentially more provisions. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 to contracts at the date when the amendments are first applied.</p>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2021

Standard	Effective Date	Key Requirements
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual improvements 2018 - 2020	1-Jan-22	<p>•IFRS 1 First Time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary (as a first-time adopter of IFRS that applies IFRS later than its parent) that applies IFRS 1.D16(a) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.</p> <p>•IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.</p> <p>•IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.</p> <p>•IAS 41 Agriculture - The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.</p> <p>The amendments are effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.</p>
IFRS 3 — Business Combinations	1-Jan-22	<p>The IASB in May 2020 issued these amendments to IFRS 3 to update the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability.</p> <p>The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.</p> <p>The amendment is not expected to have any impact on the company at the moment.</p>
Amendments to IAS 16 Presentation of Financial Statements	1-Jan-22	<p>The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before its intended use by management.</p> <p>As such, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.</p> <p>Companies will therefore need to distinguish between:</p> <ul style="list-style-type: none"> <li>•costs associated with producing and selling items before the item of property, plant and equipment is available for use; and</li> <li>•costs associated with making the item of property, plant and equipment available for its intended use. Making this allocation of costs may require significant estimation and judgement.</li> </ul> <p>The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin</p> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.</p>

## NOTES TO THE FINANCIAL STATEMENTS

Standard ended 31 December, 2021	Effective Date	Key Requirements
Amendments to IFRS 3 - Reference to the Conceptual Framework	1-Jan-22	<p>The amendment has:</p> <ul style="list-style-type: none"> <li>•updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;</li> <li>•added to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and</li> <li>•added to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</li> </ul> <p>The amendment is effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier</p>
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure Initiative: Accounting Policies	1-Jan-23	<p>The amendments were issued to assist companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>•requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>•clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>•clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;</li> </ul> <p>The amendments are consistent with the refined definition of material:</p> <p>"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".</p> <p><u>The amendments are effective from 1 January 2023</u></p>
Amendments to IAS 8 - Definition of Accounting Estimates	1-Jan-23	<p>This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.</p> <p>The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarifies the following:</p> <ul style="list-style-type: none"> <li>•an entity develops an accounting estimate to achieve the objective set out by an accounting policy.</li> <li>•developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.</li> </ul> <p>•a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.</p> <p>•a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.</p> <p>The definition of accounting policies remains unchanged.</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p>

## NOTES TO THE FINANCIAL STATEMENTS

for ended 31 December, 2021

Standard	Effective Date	Key Requirements
Amendment to IAS 12 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1-Jan-23	<p>The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.</p> <p>The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.</p>

**2.2 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 Company operates ('the functional currency'). The financial statements are presented in Naira ( ₦ ), which is the Company's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

*(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.

**2.3 Revenue****IFRS 15 - Revenue from contracts with customers**

IFRS 15 (Revenue from Contracts with Customers) was issued by the IASB for the recognition of revenue. This replaced the erstwhile IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

IFRS 15 requires the identification of separate performance obligations; allocation of transaction price to the performance obligation; and recognition of revenue when (or as) the entity satisfies the performance obligation. However, this requirement only affects the revenue recognition within the year as fees are typically charged per period.

The income streams of the company will continue to be recognised as follows:

**Fees and commission:** This revenue stream arises from contracts with customers for the company to execute equities transactions (buy and sell) trades for customers and earn as pre-agreed commission income from the trades. Maximum commission chargeable is subject to a cap of 1.35% as regulated by Nigerian Stock Exchange which is earned upon execution of the transactions. Performance obligation is satisfied at a point in time.

**Brokerage fees:** These are primarily commission income earned from primary capital market offers where the company serves as a stockbroker to the offer. There is also possibility that the company may act as a joint stock broker to offers. Pre-agreed fees are earned as a percentage of the offer size. Performance obligation is satisfied at a point in time

**Interest income:** Interest income for all interest bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within 'interest income' in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset.

**Other income lines:** These are dividend income, sundry income and foreign exchange gain not within the scope of IFRS 15

*Dividend income*

Dividend on investments in quoted ordinary shares is recognized when the right to receive payment is established, which is when such dividends are declared at the annual general meeting.

*Sundry income*

Other incomes earned from services carried out for individuals, corporate bodies and government organizations are recognised on accrual basis upon the issuance of invoice to the client. Sundry income include revenues earned from research services, charges for certificate verification, funds transfer charges and other ancillary charges for stock broking business.

*Foreign Exchange Gain or Loss*

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2020

**2.4 Financial assets and liabilities**

**IFRS 9 - Financial instruments**

**2.4.1 Recognition and initial measurement**

Financial instruments are recognised initially in the company's books of account when the Company becomes a party to the contractual provisions of the instrument. The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as fair value through other comprehensive income assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

**2.4.2 Business model assessment**

The company determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the company's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of our business generates benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of our business, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of securities portfolios managed as part of a business model.

The company's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- **Hold-to-Collect (HTC):** The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- **Hold-to-Collect-and-Sell (HTC&S):** Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- **Other fair value business models:** These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

**2.4.3 SPPI (Solely Payment of Principal and Interest) assessment:**

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic placements with financial institution and investments in debt securities. Principal amounts include invested amount, and interest primarily relates to returns on such investment.

**2.4.4 Offsetting**

Financial assets or liabilities are set off and the net amount presented in the statement of financial position only when the company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.4.5 Financial assets**

**(i) Classification and subsequent measurement**

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into Amortized cost, fair value through profit or loss and fair value through other comprehensive income. All the three categories are presently relevant to the Company.

**(a) Amortised Cost**

Assets under this classification are measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit or loss. Changes in fair value are recognized in profit or loss when the asset is derecognized or reclassified.

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

The assets under FVTPL classification are measured at fair value. Changes in fair value are recognized in profit or loss as they arise.

Financial instruments at fair value through profit or loss include equities investments in the proprietary portfolios (proprietary portfolio 1 & 2, and the market making portfolio). These instruments are recognised initially at fair value (market price at purchase); transaction costs are taken directly to the income statement. Gains and losses arising from active trading are included directly in the income statement and are reported as 'net gains/(losses) on financial assets at fair value through profit or loss'.

Dividend income on financial assets at FVTPL are included in 'Dividend income'. The unrealised profit or loss arising from mark to market adjustments are equally recognised in profit or loss account. The instruments are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognition.

## NOTES TO THE FINANCIAL STATEMENTS

## (c). Fair Value through Other Comprehensive Income (FVOCI)

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/ (loss) on Investment securities in net trading and foreign exchange income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment

**2.4.6 Expected credit losses**

An expected credit loss (ECL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities and accrued interest receivable. These are carried at amortised cost and presented net of ECL on the Statement of Financial Position. ECL on debt securities measured at FVOCI is presented in Fair value reserve in equity.

We measure the ECL at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition:

## 1) Performing financial assets:

- Stage 1 – From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.
- Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

## 2) Impaired financial assets

- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

The ECL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon.

Increases or decreases in the required ECL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in Provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ECL.

The ECL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ECL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect our results of operations.

**2.4.7 Measurement of expected credit losses (ECL)**

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

An exemption is provided for certain instruments with the following characteristics:

- (a) the instrument includes both a loan and undrawn commitment component;
- (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and
- (c) our exposure to credit losses is not limited to the contractual notice period.

For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle.

Products in scope of this exemption include credit cards, overdraft balances and certain revolving lines of credit. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

**2.4.8 Derecognition**

Financial assets or liabilities are derecognised when the right cash flows from the investments or settlement of obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**2.4.9 Financial liabilities****(i) Classification and subsequent**

The Company's financial liabilities comprises of accounts payable, accrued expenses, intercompany payable to FBNQ Merchant Bank Limited, accruals, payables with respect to issues and applications, SEC, CSCS and NSE fees, they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest. If collection is expected in one year or less (or normal operating cycle of the business), they are classified as current liabilities. If not, they are presented as non current liabilities. The Company's holding in financial liabilities is in financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

## NOTES TO THE FINANCIAL STATEMENTS

**(ii) Trade payables**

Trade payables are payables to brokers dealers, regulatory bodies and clients. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

**2.5 Determination of fair value**

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

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, NIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

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.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

**2.6 Cash and cash equivalent**

Cash and cash equivalent include notes and coins in hand, deposits held at call with banks and other short-term placements with banks and other financial institution which are used by the Company in the management of its short-term commitments, treasury bills in an active market with original maturities of three months or less.

Cash and cash equivalents as referred to in the cash flow statement comprises cash in hand, and amounts due from banks on demand or with an original maturity of three months or less.

**2.7 Property, plant and equipment**

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

An asset is recognised when it is probable that economic benefits associated with the item flow to the Company and the cost item can be reliably measured.

All repairs and maintenance cost are charged to other operating expenses in the financial period in which they occur.

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 and equipment	33.33%
- Office equipment	20%
- Furniture & fittings	20%
- Motor vehicles	25%

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate. 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 31 December 2021 (2020: nil).

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

**2.8 Intangible assets**

Intangible assets comprise computer software licences. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, generally not exceeding 3 years.

The intangible assets of the Company have a definite useful life. At each date of the statement of financial position, intangible assets are reviewed for indications of impairment or changes in estimated future economic benefits. If such indications exist, the intangible assets are analysed to assess whether their carrying amount is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

**2.9 Impairment of non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable either through sale or use. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably.

**2.10 Customer deposits**

Deposits are strictly for the purchase and sale of shares and are with no stated maturity, includes no-interest bearing deposits, hence, are amounts repayable on demand.

**2.11 Provisions**

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

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

**2.12 Income tax***(a) Current income tax*

Income tax payable/(receivable) 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 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.

The Company does not offset current income tax liabilities and current income tax assets.

*(b) Minimum tax*

The company is subject to Company Income Tax Act (CITA). The total amount of tax payable under CITA is determined based on the higher of the two components namely company income tax less than base on taxable income (Loss) for the year and minimum tax. Tax based on taxable profit for the period are treated as income tax in line with IAS 12, whereas minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore are not presented as part of income tax expenses within profit or loss. Where the minimum tax charged is higher than the CIT, the minimum tax charged is recognised in the Profit or loss and presented above the income tax line as minimum tax.

The Company's current tax charge has been computed using the minimum tax provision of the Finance Act 2021 (31 December 2020: minimum tax) plus tertiary education tax of 2.5% (31 December 2020: 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 Finance Act is applicable where the Company has no taxable profit or the tax on profit is below minimum tax.

*(c) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and provisions for pensions and other post-retirement benefits. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction.

The tax effects of carry-forwards of unused losses, unused tax credits and deductible temporary difference 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. Future tax profits are deferred based on the reversal of related temporary differences. DTA are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reduction are reversed when the probability of having taxable profits improves.

## NOTES TO THE FINANCIAL STATEMENTS

**2.13 Employee benefits***Defined contribution (Pension)*

In line with the Pension Reform Act of 2014, the Company operates a defined contribution scheme. A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The employee and the Company contributes 8% and 10% of the employee's basic, transport and rent allowances respectively. The employee contributions are funded through payroll deductions while the Company's contributions are recognised as employee benefit expenses when they are due. The Company has no further payment obligations once the contributions have been paid, and obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting period. 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 liability.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**2.14 Contingencies**

Contingent assets/liabilities are not recognized in the annual financial statements but are disclosed when, as a result of past events; it is highly likely that economic benefits/settlement will flow to/from the company. However this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Company's control. Contingent assets/liabilities normally comprise of legal claims under arbitration or court process.

**2.15 Share Capital**

Ordinary shares are classified as equity.

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

**2.16 Other Reserves****Financial assets at FVOCI**

The group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 2.4.5(c). These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

The group also has certain debt investments measured at FVOCI, as explained in note 2.4.5(c). For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

**2.17 Critical accounting estimates and judgments**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below.

**(i) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility

**(ii) Allowance for credit losses**

Allowances for credit losses are calculated on debt instruments measured at amortised cost and fair value through OCI. In estimating credit losses, the Company considers the character and capacity of the obligor, the probability that an obligor or counterparty will default over a given period (probability of default - PD), the portion of the loan expected to be irrecoverable at the time of loan default (loss given default - LGD) and expected amount that is outstanding at the point of default.



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**3 Financial risk management**

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

Risk management is carried out by the risk department under policies approved by the board of directors. The risk 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, and investment of excess liquidity.

**3.1 Credit risk**

Credit risk is defined as the likelihood that a customer or counterparty is unable to meet the contracted financial obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from debt securities held, other receivables and cash and cash equivalents.

Trading assets are quoted equity securities and as such are not affected by credit risks. They are easily tradeable on the floor of the Nigerian Stock Exchange (NSE) at market prices.

**Maximum exposure to credit risk**

<i>In thousands of Naira</i>	31 December 2021	31 December 2020
Cash & cash equivalents	1,139,535	1,119,445
Financial assets:		
Fair value through other comprehensive income	35,489	106,498
Other Assets	106,576	335,426
	<u>1,281,600</u>	<u>1,561,370</u>

The table above shows a worst case scenario of credit risk exposure to the Company as at 31 December 2021 and 31 December 2020.

**3.1.1 Credit quality**

Credit quality of financial assets is summarised as follows:

<i>In thousands of Naira</i>	31 December 2021	31 December 2021	31 December 2021	31 December 2020	31 December 2020	31 December 2020
	Cash and cash equivalents	Fair value through OCI	Other Assets	Cash and cash equivalents	Fair value through OCI	Other Assets
12 months ECL	1,139,535	35,489	130,235	1,119,445	106,498	335,426
Lifetime ECL not credit impaired	-	-	-	-	-	-
Credit impaired	-	-	46,302	-	-	-
<b>Gross</b>	<b>1,139,535</b>	<b>35,489</b>	<b>176,537</b>	<b>1,119,445</b>	<b>106,498</b>	<b>335,426</b>
Impairment allowance	-	-	(15,399)	-	-	(8,260)
<b>Net</b>	<b>1,139,535</b>	<b>35,489</b>	<b>147,904</b>	<b>1,119,445</b>	<b>106,498</b>	<b>327,167</b>

- (a) The financial assets in "12 months ECL: Stage 1" are credit losses that may result from default events that are possible within the next 12 months.
- (b) The financial assets in the "Lifetime ECL not credit impaired: Stage 2" class are other receivable which apply when a significant increase in credit risk has occurred on an individual or collective basis. The Company has assessed and determined that given the trade payment cycle for assets classified at Amortized costs, that the balances are still collectible and that there have been no cases in the past that warrant a classification to this category.
- (c) The financial assets in "Credit impaired loans: Stage 3" reflects when credit event has occurred which represents non-performing loans and receivables that are deemed irrecoverable and hence fully provisioned in the company's books.

**3.1.2 Concentration of risks of financial assets with credit risk exposure**

**a. Geographical Concentration**

All assets are held in Nigeria, hence, the Company's credit risks are located in Nigeria.

**b. Sectorial Concentration**

<i>In thousands of Naira</i>	31 December 2021	31 December 2021	31 December 2021	31 December 2020	31 December 2020	31 December 2020
	Government	Corporate	Individual	Government	Corporate	Individual
Cash and bank balances	-	1,139,535	-	-	1,139,535	-
<b>Financial assets:</b>						
Fair value through OCI	35,489	-	-	106,498	-	-
Other Assets	-	104,309	2,267	-	335,426	-
	<u>35,489</u>	<u>1,243,844</u>	<u>2,267</u>	<u>106,498</u>	<u>1,474,961</u>	<u>-</u>

**3.2 Operational risk**

Operational risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation & strategic risk. Operational risk exists in all products and business activities. Operational risk is considered as a critical risk faced by the Company.

The Company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stake holder's value and sustaining industry leadership.

*Operational risk objectives include the following:*

- To provide clear and consistent direction in all operations of the Company
- To provide a standardized framework and appropriate guidelines for creating and managing all operational risk exposures
- To enable the Company identify and analyse events (both internal and external) that impact on its business.

*The basic principles that guide the operational risk activities include:*

- Operational risks are identified by the assessments covering risks facing each business unit and risks inherent in processes, activities and products.
- Risk assessment incorporates a regular review of risks identified to monitor significant changes.
- Risk mitigation, including insurance, is considered where this is cost-effective.

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The operational risk unit constantly identifies and assesses the operational risk inherent in all material products, activities, processes and systems. It also ensures that before new products, activities, processes and systems are introduced or undertaken, the operational risk inherent in them is identified clearly and subjected to adequate assessment procedures.

The techniques employed by the Company in its measurements include the following: Key Control Self Assessment (KCSA); Key Risk Indicators (KRIs) and the Risk Register. These tools have been quite useful in the identification, measurement and analyses of operational risk in the Company. These are subject to review from time to time. There was no significant operational risk incidence during the financial year.

### 3.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The board monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

In thousands of Naira	Carrying Amount	Gross nominal inflow	Less than 3 months	Between 3 months and 1 year	More than 1 year
<b>Financial assets</b>					
Cash & cash equivalents	1,139,535	1,139,535	1,144,926	-	-
Fair value through other comprehensive income	474,460	474,460	1,484,385	326,072,208	177,999,269
Fair value through profit or loss	101,485	101,485	-	101,485	-
Other Assets	121,976	121,976	122,721	145,657	2,010
	<u>1,837,456</u>	<u>1,837,456</u>	<u>2,752,032</u>	<u>326,319,350</u>	<u>178,001,279</u>
<b>Financial liabilities</b>					
Other liabilities	924,402	924,402	924,402	-	-
Customer deposits	394,835	394,835	394,835	-	-
	<u>1,319,238</u>	<u>1,319,238</u>	<u>1,319,238</u>	<u>-</u>	<u>-</u>
Liquidity Gap (assets less liabilities)	518,218	518,218	1,432,795	326,319,350	178,001,279

At December 31, 2020	Carrying Amount	Gross nominal inflow	Less than 3 months	Between 3 months and 1 year	More than 1 year
<b>Financial assets</b>					
Cash & cash equivalents	1,119,445	1,119,445	1,119,445	-	-
Financial Assets					
Fair value through other comprehensive income	761,134	761,134	711,540	-	49,594
Fair value through profit or loss	86,059	86,059	-	86,059	-
Other Assets	335,427	335,427	320,790	14,638	-
	<u>2,302,066</u>	<u>2,302,066</u>	<u>2,151,775</u>	<u>100,697</u>	<u>49,594</u>
<b>Financial liabilities</b>					
Other liabilities	443,088	443,088	211,489	82,031	149,568
Customer deposits	1,476,522	1,476,522	1,476,522	-	-
	<u>1,919,610</u>	<u>1,919,610</u>	<u>1,688,011</u>	<u>82,031</u>	<u>149,568</u>
Liquidity Gap(assets less liabilities)	382,456	382,456	463,764	18,665	(99,974)

### 3.4 Market risk

The Company takes on 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. The Company is not exposed to commodity price risk.

#### 3.4.1 Price risk

The Company is exposed to equity price risk because of equity securities held by the Company and classified on the statement of financial position either as FVTPL or FVOCI. 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.

#### Listed investments

These are equities traded on the Nigerian Stock Exchange (NSE) and the NASD OTC Exchange (NASD). The table below summarises the impact of increases/(decreases) of the equity index on the Company's post-tax profit for the year. Management believes that a 5% movement in either direction is reasonably possible as at balance sheet date. The analysis is based on the assumption that the equity index had increased/decreased by 5% with all other variables held constant and all the Company's equity instruments moved accordingly to the historical correlation with the index.

	Impact on post-tax profit	
	31 December 2021	31 December 2020
	N'000	N'000
Increase of 5%	10,793	2,480
Decrease of 5%	(10,793)	(2,480)

#### Non-listed investments - Mutual Funds

The Company invests in portfolio investment funds and the carrying amount of such investments at 31 December 2021 was N324.5million (31 December 2020: N605.05million). The table below summarises the impact of increases/(decreases) of carrying value of non-listed equities on the Company's other comprehensive income and hence shareholders fund.

	Impact on other comprehensive income	
	31 December 2021	31 December 2020
	N'000	N'000
Increase of 5%	16,229	30,252
Decrease of 5%	(16,229)	(30,252)

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**3.4.2 Foreign exchange risk**

The Company is exposed to foreign exchange risks due to fluctuations in foreign currency exchange rates on its financial position and cash flows. The following table details the company's sensitivity to a 10% increase and decrease in Naira against the US dollar. Management believes that a 10% movement in either direction is reasonably possible on the Company's portfolio. The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December, 2021. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

The sensitivity analyses below include outstanding US dollar denominated financial assets. A positive number indicates an increase in profit where Naira weakens by 10% against the US dollar. For a 10% strengthening of Naira against the US dollar, there would be an equal and opposite impact on profit.

**Concentration of foreign currency exposure**

<i>In thousands</i>	<b>31 December 2021</b>			<b>31 December 2020</b>		
	<b>NGN</b>	<b>USD</b>	<b>Total</b>	<b>NGN</b>	<b>USD</b>	<b>Total</b>
Cash and cash equivalent	1,126,559	12,976	1,139,535	1,105,829	13,617	1,119,445
Investment Securities - FVTPL	59,620	41,865	101,485	86,059	-	86,059
Investment Securities - FVOCI	441,221	33,239	474,460	654,636	106,498	761,134
Other Assets	108,170	16,081	124,251	351,205	-	351,205
<b>Total financial assets</b>	<b>1,735,571</b>	<b>104,160</b>	<b>1,839,731</b>	<b>2,197,728</b>	<b>120,115</b>	<b>2,317,843</b>
Financial liabilities - Other liabilities	(887,969)	(36,433)	(924,402)	(390,945)	(52,144)	(443,088)
<b>Total financial liabilities</b>	<b>(887,969)</b>	<b>(36,433)</b>	<b>1,039,579</b>	<b>(390,945)</b>	<b>(52,144)</b>	<b>2,225,959</b>
<b>Net FCY exposure</b>		<b>67,727</b>			<b>67,971</b>	
<i>Sensitivity at 10% appreciation</i>		<i>6,773</i>			<i>6,797</i>	
<i>Sensitivity at 10% depreciation</i>		<i>(6,773)</i>			<i>(6,797)</i>	

**3.4.3 Interest rate risk**

The Company is exposed to a considerably low interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rate risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows, however significant fluctuations are not expected as its investments are of short term maturities.

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

<b>December 31, 2021</b>	<b>Carrying amount</b>	<b>Fixed interest bearing</b>	<b>Non interest-bearing</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Assets</b>			
Cash and cash equivalents	1,139,535	737,361	402,174
Fair value through OCI	474,460	35,489	438,971
Fair value through profit of loss	101,485	-	101,485
Other Assets	124,251	2,267	121,983
	<b>1,839,731</b>	<b>775,118</b>	<b>1,064,613</b>
<b>December 31, 2020</b>	<b>Carrying amount</b>	<b>Fixed interest bearing</b>	<b>Non interest-bearing</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Assets</b>			
Cash and cash equivalents	1,119,445	-	1,119,445
Fair value through OCI	761,134	106,498	654,635
Fair value through profit of loss	86,059	-	86,059
Other Assets	351,205	-	351,205
	<b>2,317,843</b>	<b>106,498</b>	<b>2,211,344</b>

The management of interest risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various scenarios. Interest rate movement affects reported income by causing an increase or decrease in net interest income. The table below shows the impact on the Company's profit before tax if interest rates on financial instruments held at amortized cost or at fair value had increased or decreased by 100 basis points (2020: 100 basis points), with all other variables held constant.

<b>Interest Sensitivity Analysis -31 December 2021</b>	<b>100 basis points decline in rates</b>	<b>100 basis points increase in rates</b>
	<b>N'000</b>	<b>N'000</b>
<b>Asset</b>		
Cash and cash equivalent (short term placements)	(7,374)	7,374
Fair value through OCI	(355)	355
Fair value through profit of loss	-	-
Other assets	(23)	23
<b>Interest Sensitivity Analysis -31 December 2020</b>		
<b>Asset</b>		
Cash and cash equivalent (short term placements)	-	-
Fair value through OCI	(1,065)	1,065
Fair value through profit of loss	-	-
Other assets	-	-

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**3.5 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 had nil borrowing (2020: Nil). The Company monitors its gearing continually.

**3.6 Critical judgements and significant estimates**

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:

a) Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the company using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The company would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily earning multiples and discounted cash flows.

**3.7 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

*-Financial instruments in level 1*

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

*-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. Instruments included in level 2 comprise primarily Money Market Funds and/ or Eurobonds investments classified as FVOCI.

*-Financial instruments in level 3*

This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (observable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

As at 31 December 2021 and 2020, the Company did not have any financial liabilities that are measured at fair value.

*(a) Financial instruments measured at fair value*

The following table presents the

<i>In thousands</i>	Notes	Level 1	Level 2	Level 3	Total
<b>Assets</b>					
Fair value through profit or loss					
- Listed equities	11	101,485	-	-	101,485
Fair value through other comprehensive income					
- Listed equity securities	11	114,383	-	-	114,383
- Eurobonds	11	35,489	-	-	35,489
- Money Market Funds	11	-	324,588	-	324,588
<b>Total assets</b>		251,357	324,588	-	575,945

The following table presents the Company's assets that are measured at fair value at 31 December, 2020.

<i>In thousands</i>	Level 1	Level 2	Level 3
<b>Assets</b>			
FVTPL			
- Quoted equities	86,059	-	-
FVOCI			
- Listed equity securities	49,594	-	-
- Eurobonds	106,498	-	-
- Mutual funds	-	605,042	-
<b>Total assets</b>	242,151	605,042	-

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

<i>In thousands</i>	31 December 2021 Carrying value	31 December 2021 Fair value	31 December 2020 Carrying value	31 December 2020 Fair value
<b>Financial assets</b>				
Cash and cash equivalents	1,139,535	1,139,535	1,119,445	1,119,445
Amortised cost	124,251	124,251	351,205	351,205
<b>Totals</b>	1,263,786	1,263,786	1,470,650	1,470,650
<b>Financial liabilities</b>				
Customer deposits	394,835	394,835	1,476,522	1,476,522
Accrual and other liabilities	924,402	924,402	443,088	443,088
<b>Totals</b>	1,319,238	1,319,238	1,919,610	1,919,610

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The fair values of financial instruments not measured at fair value such as cash equivalents, other assets, customer deposits and other liabilities are not materially sensitive to shift in market return rates because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities at financial position date approximates their fair values.

	Level 1	Level 2	Level 3	Total
	N'000	N'000	N'000	N'000
<b>31 December 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	1,139,535	-	1,139,535
Other assets	-	-	124,251	124,251
<b>Totals</b>	-	1,139,535	124,251	1,263,786
<b>Financial liabilities</b>				
Customer deposits	-	-	394,835	394,835
Accruals and other liabilities	-	-	924,402	924,402
<b>Totals</b>	-	-	1,319,238	1,319,238
<b>31 December 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	1,119,445	-	1,119,445
Other assets	-	-	351,205	351,205
<b>Totals</b>	-	1,119,445	351,205	1,470,650
<b>Financial liabilities</b>				
Customer deposits	-	-	1,476,522	1,476,522
Accruals and other liabilities	-	-	443,088	443,088
<b>Totals</b>	-	-	1,919,610	1,919,610

**Financial assets and liabilities**

Financial assets and liabilities are recognised in the statement of financial position and measured in accordance with their assigned category. The Company uses settlement date accounting for regular way contracts when recording financial asset transactions.

The Company classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments. The Company allocates financial assets to the following categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Management determines the classification of its financial instruments at initial recognition. The classification made can be seen below:

**3.8 Category of financial instruments**

	FVTPL	FVOCI	Amortised Cost
	N'000	N'000	N'000
<b>31 December 2021</b>			
Cash and cash equivalents	-	-	1,139,535
Investment securities	101,485	474,460	-
Other assets	-	-	124,251
	<b>101,485</b>	<b>474,460</b>	<b>1,263,786</b>
Customer deposits	-	-	394,835
Accruals and other liabilities	-	-	924,402
	-	-	<b>1,319,238</b>
<b>31 December 2020</b>			
Cash and cash equivalents	-	-	1,119,445
Investment securities	86,059	761,134	-
Other assets	-	-	351,205
	<b>86,059</b>	<b>761,134</b>	<b>1,470,650</b>
Customer deposits	-	-	1,476,522
Accruals and other liabilities	-	-	443,088
	-	-	<b>1,919,610</b>

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**4 Fees and commission**

		<i>Restated</i>
	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>	<b>2021</b>	<b>2020</b>
<i>Fee income comprises:</i>		
Commission on purchase & sale of shares - agency	200,617	178,493
Brokerage fees	68,015	10,029
	268,632	188,522

**5 Interest income**

	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>	<b>2021</b>	<b>2020</b>
Placements	43,629	34,836
Current accounts	33	621
Staff loans	131	30
Interest on bonds	2,788	2,088
	46,581	37,575

**6 Other income**

	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>	<b>2021</b>	<b>2020</b>
Sundry income	5,998	10,940
Returns on portfolio investments	28,717	14,909
Gain on disposal of property, plant and equipment	63	-
Gain on disposal of financial assets	30,584	-
Trading gain equities classified as held for trading	6,625	-
Dividend income	6,943	1,783
Fair value loss on equities at FVTPL	(1,493)	(2,844)
Foreign exchange gain/(loss) on translation	8,340	(3,508)
	85,777	21,280

**7 Operating expenses**

	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>	<b>2021</b>	<b>2020</b>
Depreciation	4,236	4,092
Amortisation	13,304	13,198
Professional fees	36,887	5,753
Directors Emolument	34,505	31,901
Loss on sale of financial assets	-	27,207
Auditor's remuneration	8,130	9,539
Subscriptions - bloomberg	22,310	25,545
Shared service cost (a)	84,413	160,217
Tax assessment levy	24,997	-
IT related expense	30,971	-
Insurance cost	3,339	-
Other expenses	27,835	48,440
	290,927	325,891

(a) This represents the company's portion of the cost of overheads and other technical services provided by the parent, FBNQuest Merchant Bank Limited.

**8 Impairment Charges**

	<b>31 December</b>	<b>31 December</b>
<i>In thousands of Naira</i>	<b>2021</b>	<b>2020</b>
Impairment on investment securities	2,250	-
Impairment on other assets	15,399	8,260
	17,649	8,260

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**9 Personnel expenses**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Salaries and wages	46,458	35,562
Defined contribution plan	7,326	4,456
Other staff costs	26,313	24,848
	<b>80,097</b>	<b>64,866</b>

**9.1a** The average number of persons, excluding directors, employed by the company during the year was as follows:

Non-management	7	7
Management	1	1
	<b>8</b>	<b>8</b>

**9.2** The table below shows the number of employees (excluding directors), who earned over N1,000,000 as emoluments in the period and were within the bands stated.

	<b>31 December 2021</b>	<b>31 December 2020</b>
	Number	Number
N 3,000,000-N5,000,000	-	4
N 5,000,001-N7,000,000	2	1
N 7,000,001- Above	6	3
	<b>8</b>	<b>8</b>

**10 Taxation****(a) Tax expense**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>i Minimum Tax</i>		
Minimum tax	988	621
	<b>988</b>	<b>621</b>
<i>ii Current Tax</i>		
Company income tax	-	-
Education and IT tax	125	-
<i>iii Deferred tax</i>		
Deferred tax credit/ (charge)	-	3,538
	<b>125</b>	<b>3,538</b>
Total income tax expense/(credit)	<b>1,113</b>	<b>4,159</b>

**(b) Effective tax reconciliation**

	<b>31 December 2021</b>	<b>%</b>
Profit before tax	12,317	100%
Tax calculated at domestic tax rates	3,695	30%
<i>Tax effect of items which are not deductible or assessable for taxation purposes:</i>		
Tax incentives	(5)	
Expenses not deductible for tax purposes	14,644	119%
Information technology tax	123	1%
Income not subject to tax	(22,716)	-184%
Current year losses for which no deferred tax asset is recognised	4,382	36%
Tax expense/rate	<b>123</b>	<b>1%</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

	<b>31 December 2020</b>	<b>%</b>
Loss before tax	(155,017)	100%
Tax calculated at domestic tax rates	(46,505)	30%
<i>Tax effect of items which are not deductible or assessable for taxation purposes:</i>		
Investment Allowance	(16)	0%
Unused tax credits	46,939	
Expenses not deductible for tax purposes	4,988	-3%
Income not subject to tax	(5,634)	4%
Difference in Tax Rate	228	0%
(Over) / under provision relating to prior year	(3,538)	2%
Tax expense/rate	(3,538)	2%

**11 Cash and cash equivalents**

	<b>31 December 2021</b>	<i>Restated</i> <b>31 December 2020</b>
<i>In thousands of Naira</i>		
Cash in bank	402,174	1,119,445
Short term placements (see note 11.1)	737,361	-
	1,139,535	1,119,445

**11.1 Movement in short term placement**

	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>In thousands of Naira</i>		
Opening balance	-	-
Additions during the year	14,756,900	-
Interest income	43,629	-
Interest received	(35,093)	-
Proceed from matured placement	(14,028,075)	-
Closing balance	737,361	-

	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>In thousands of Naira</i>		
<b>Analysis of Cash and cash equivalents</b>		
Current	1,139,535	1,119,445
Non-current	-	-
Total	1,139,535	1,119,445

**12 Financial assets**

	<b>31 December 2021</b>	<i>Restated</i> <b>31 December 2020</b>
<i>In thousands of Naira</i>		
Fair value through profit or loss (see note 12.1)	101,485	86,059
Fair value through other comprehensive income (see note 12.2)	474,460	761,134
	575,945	847,193

**12.1 Fair value through profit or loss**

	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>In thousands of Naira</i>		
Quoted equity securities	101,485	86,059
	101,485	86,059



**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**12.2 Fair value through other comprehensive income**

	31 December 2021	31 December 2020
<i>In thousands of Naira</i>		
<i>Fair value through OCI financial assets comprise:</i>		
Eurobond investments	35,489	106,498
Mutual Fund	324,588	605,042
Listed equity securities	114,383	49,594
	474,460	761,134

**12.3** The fair value of financial assets fair valued through other comprehensive income was derived as follows:

	31 December 2021	31 December 2020
<i>In thousands of Naira</i>		
Cost	370,284	711,505
Fair value reserve	104,176	49,628
Total	474,460	761,134

**12.4** The movement in financial asset was derived as follows:

	Equities at FVTPL	Mutual Fund at FVOCI	Eurobond at FVOCI	Equities at FVOCI	Total
<i>As at 31 December 2021</i>					
<i>In thousands of Naira</i>					
Opening balance	86,059	605,042	106,498	49,594	847,193
Additions during the year	314,144	472,283	-	-	786,428
Interest income earned during the year	-	-	2,788	-	2,788
Interest income received	-	(24,455)	(5,007)	-	(29,461)
Fair value gain/(loss)	(1,493)	-	(11,987)	106,044	92,565
Returns on asset	-	28,717	-	-	28,717
Foreign exchange gain/(loss)	-	-	3,691	-	3,691
Gain/(Loss) on disposal of investment	6,625	-	5,810	24,774	37,210
Proceed from Disposal or maturity of investment	(303,851)	(756,999)	(66,305)	(66,030)	(1,193,185)
Total	101,485	324,588	35,489	114,383	575,944
<b>Analysis of Financial assets</b>					
Current				575,945	847,193
Non-current				-	-
Total				575,945	847,193

**13 Other Assets**

	31 December 2021	Restated 31 December 2020
<i>In thousands of Naira</i>		
<b>Financial Assets:</b>		
Staff loans	2,267	-
Fees receivable	13,235	3,377
Inter-company receivables from FBNQuest Capital Limited	5,510	-
Other assets	54,196	14,638
Accounts receivable (trade settlements with the CSCS Limited)	55,028	325,672
	130,235	343,687
<b>Non-financial assets:</b>		
WHT receivable	12,930	8,250
Prepayments	4,744	7,528
	17,674	15,778
<b>Allowance for doubtful accounts:</b>		
Opening balance	(8,260)	-
Additions in ECL	(15,399)	(8,260)
Write-back of ECL	-	-
	(23,659)	(8,260)
<b>Total other assets</b>	<b>124,251</b>	<b>351,205</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**Analysis of Other Assets**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Current	112,433	343,577
Non-current	11,818	7,629
<b>Total</b>	<b>124,251</b>	<b>351,206</b>

**14 Deferred tax assets**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Opening Balance	399,563	396,025
Recognised in profit or loss	-	3,538
<b>At end of the year</b>	<b>399,563</b>	<b>399,563</b>

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. The Company has a deferred tax assets amounting to ₦453.3 million as at 31 December 2021 (31 December 2020 :N399.5million) out of which N399.5million was recognised. Based on management's assessment, the deferred tax asset is recoverable against future tax profits. There were no additions in the current year.

The deferred tax asset comprises timing differences arising from:

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Property, plant & equipment	(2,382)	(2,382)
Unutilised Tax Credits	27,688	27,688
Tax losses	369,727	369,727
Exchange Differences	(32)	(32)
Unrealised losses on financial instruments	4,562	4,562
	<b>399,563</b>	<b>399,563</b>

**15 Intangible assets**

Computer software:

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Cost</b>		
As at beginning of the year	39,595	54,800
Additions	1,268	-
Reclassification	-	(15,205)
<b>As at end of the year</b>	<b>40,863</b>	<b>39,595</b>
<b>Accumulated amortization</b>		
As at beginning of the year	21,996	8,798
Amortization charge for the year	13,304	13,198
<b>As at end of the year</b>	<b>35,300</b>	<b>21,996</b>
<b>Carrying amount</b>		
<b>As at end of the year</b>	<b>5,563</b>	<b>17,599</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**16 Property and equipment****31 December 2021**

<b>Cost</b>	<b>Motor vehicles N'000</b>	<b>Computer equipment N'000</b>	<b>Office equipment N'000</b>	<b>Total N'000</b>
<b>Balance as at 1 January 2021 (restated)</b>	15,353	7,390	1,282	24,025
Additions	-	1,000	-	1,000
Disposals	(352)	-	-	(352)
<b>Balance as at 31 December 2021</b>	<b>15,001</b>	<b>8,390</b>	<b>1,282</b>	<b>24,673</b>

**Depreciation**

<b>Balance as at 1 January 2021 (restated)</b>	4,583	6,704	1,282	12,569
Depreciation for the year	3,809	428	-	4,237
Disposals	(267)	-	-	(267)
<b>Balance as at 31 December 2021</b>	<b>8,125</b>	<b>7,132</b>	<b>1,282</b>	<b>16,539</b>
<b>Net book value at 31 December 2021</b>	<b>6,876</b>	<b>1,258</b>	<b>-</b>	<b>8,134</b>

**31 December 2020**

<b>Cost</b>	<b>Motor vehicles N'000</b>	<b>Computer equipment N'000</b>	<b>Office equipment N'000</b>	<b>Total N'000</b>
<b>Balance as at 1 January 2020</b>	18,386	6,841	1,282	26,509
Additions	17	549	-	566
Disposals	(3,050)	-	-	(3,050)
<b>Balance as at 31 December 2020 (restated)</b>	<b>15,353</b>	<b>7,390</b>	<b>1,282</b>	<b>24,025</b>

**Depreciation**

<b>Balance as at 1 January 2020</b>	3,780	6,465	1,282	11,528
Depreciation for the year	3,853	239	-	4,092
Disposal	(3,050)	-	-	(3,050)
<b>Balance as at 31 December 2020 (restated)</b>	<b>4,583</b>	<b>6,704</b>	<b>1,282</b>	<b>12,570</b>
<b>Net book value at 31 December 2020 (restated)</b>	<b>10,770</b>	<b>686</b>	<b>-</b>	<b>11,456</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**17 Deposit with Nigerian Stock Exchange**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Amount held with the Nigerian Stock Exchange (NSE)	-	1,150

Amount represents mandatory security deposit with the Nigerian Stock Exchange (NSE). This was fully written off in 2021 following the demutualization of the NSE which led to the cessation of the company and the emergence of another entity called NGX. The NGX however did not assume unto it this liability during incorporation.

**18 Customer deposits**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Client operative account	394,835	1,476,522
	394,835	1,476,522

This represents deposits by clients for the purchase of shares and also the proceeds from the sale of shares on clients instruction however awaiting disposal instructions (e.g. payment or transfer mode and/or further instructions)

**Analysis of customer deposits**

Current	394,835	1,476,522
Non-current	-	-
Total	394,835	1,476,522

**19 Current tax liabilities**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
The movement on taxation payable account during the year was as follows:		
Balance, beginning of year	621	1,495
With-holding tax credit note utilised during the year	(621)	-
Paid during the year	-	(1,495)
Charge for the year (Note 9)	1,113	621
Balance, end of year	1,113	621

**20 Other liabilities**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<i>Restated</i> <b>31 December 2020</b>
Issues and applications	87,557	87,557
VAT and withholding tax	32,188	608
SEC, CSCS and NSE fees	4,805	4,797
Accruals and provisions	64,046	48,593
Accounts payable	492,238	-
PAYE payable	23,821	-
Other payables	214,239	273,500
Intercompany payable (FBNQuest Merchant Bank)	5,509	28,033
	924,402	443,088

**Analysis of other liabilities**

Current	780,028	274,597
Non-current	144,374	168,491
Total	924,402	443,088

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December, 2021

**21 Capital and Reserves**

**(a) Share capital**

Share capital comprises:

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Authorized &amp; issued:</b>		
800,000,000 Ordinary shares of N1 each	800,000	800,000
No new shares were issued during the year		

**(b) Share premium**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Balance, beginning of the year	1,700,000	1,700,000
<b>Balance, end of the year</b>	<b>1,700,000</b>	<b>1,700,000</b>

**(c) Accumulated loss**

This account represents the retained loss of the Company up to the statement of financial position date.

**(d) Fair value reserves**

<i>In thousands of Naira</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Opening balance	49,628	28,914
Equity investments at FVOCI – net change in fair value	106,044	10,579
Equity investments at FVOCI – reclassified to equity	(39,510)	-
Debt investments at FVOCI – net change in fair value	(4,050)	10,135
Debt investments at FVOCI – reclassified to profit or loss	(7,937)	-
<b>Closing balance</b>	<b>104,175</b>	<b>49,628</b>

**22 Cashflow Workings**

**a Cash generated from operations**

<i>In thousands of Naira</i>	<b>Note</b>	<b>31 December 2021</b>	<i>Restated</i> <b>31 December 2020</b>
Profit/ (Loss) before income tax		12,317	(151,641)
<i>Adjustment for non-cash items:</i>			
Net interest income		(46,581)	(37,575)
Profit on sale of property and equipment	16	(63)	-
Fair value loss on equities at FVTPL	6	1,493	2,844
Write-off Deposit with Nigerian Stock Exchange	17	1,150	-
Returns on portfolio investments	6	(28,717)	-
Gain on disposal of quoted equities at FVOCI	6	(30,584)	-
Trading gain equities classified as held for trading	6	(6,625)	-
Depreciation and amortization	7	17,540	17,290
Foreign exchange gain or loss	6	(8,340)	3,500
Impairment charge	8	17,649	8,260
Dividend income	6	(6,943)	(1,783)
<b>Total cash used in operations</b>		<b>(77,705)</b>	<b>(159,105)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December, 2021

**b Changes in operating assets and liabilities:**

	31 December 2021	31 December 2020
<i>In thousands of Naira</i>		
<b>(i) Other Assets</b>		
Opening balance	351,205	61,176
WHT credit note used	(621)	-
Dividend income	6,943	1,783
Dividend received	(7,544)	(1,783)
Impairment charge for the period	(15,399)	(8,260)
Exchange difference	(336)	-
Movement during the period	(209,997)	298,288
Closing balance	124,251	351,205
<i>In thousands of Naira</i>		
<b>(ii) Other liabilities</b>		
Opening balance	443,088	477,449
Exchange differences	1,959	(832)
Movement during the period	479,355	(33,529)
Closing balance	924,402	443,088
<b>(iii) Customer deposits</b>		
Opening balance	1,476,522	400,795
Movement during the period	(1,081,687)	1,075,727
Closing balance	394,835	1,476,522
(Decrease)/(Increase) in Other Assets (see i above)	209,997	(298,288)
Increase/(Decrease) in Other Liabilities (See ii above)	479,355	(33,529)
Decrease in financial asset FVTPL & FVTOCI	-	(467,770)
(Decrease)/Increase in Customer deposits (See iii above)	(1,081,687)	1,075,727
Total changes in operating assets and liabilities	(392,335)	276,140
<b>(iv) Interest income received</b>		
<i>In thousands of Naira</i>		
Current accounts	33	621
Placement	35,093	-
Staff loans	131	131
Interest on bonds	29,461	63,216
	<b>64,719</b>	<b>63,968</b>

**23 Remuneration of key management personnel and directors**

	31 December 2021	31 December 2020
<i>In thousands of Naira</i>		
<b>Key management personnel compensation for the year comprises:</b>		
Executive compensation	34,505	31,901
Amount paid to the highest paid executive director	34,505	31,901

**23.1 The number of executive directors of the Company**

The Company had one executive director as at 31 December 2021 (31 December 2020: One [1] executive director).

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**24 Transactions with related parties**

The Company is a member of the FBN Quest Merchant Banking Group, which is a subsidiary of FBN Holdings and is thus related to other subsidiaries of the FBNQuest Merchant Bank Limited through common shareholdings or common directorships, and other subsidiaries of FBN Holdings Plc. Balances arising from dealing with related parties are as follows:

S/N	Description	Nature of relationship	Nature of transaction	31 December 2021 N'000	31 December 2020 N'000
i	First Bank	Subsidiary of Ultimate parent	Banking relationship	391,129	1,105,481
ii	FBNQuest Merchant Bank	Parent Company	Banking relationship	254	1,255
iii	FBNQuest Merchant Bank	Parent Company	Short term placements	728,825	-
iv	FBNQuest Merchant Bank	Parent Company	Inter-company payable	(5,509)	(28,033)
v	FBNQuest Capital	Subsidiary of Ultimate parent	Accounts Payable	(1,623)	(4,714)
vi	FBNQuest Capital	Subsidiary of Ultimate parent	Interest income	-	34,836
vii	First Bank	Subsidiary of Ultimate parent	Interest income	33	621
viii	FBNQuest Merchant Bank	Parent Company	Interest income	43,629	-
ix	FBNQuest Asset Management	Subsidiary of Parent	Dividend income	28,717	14,909
x	FBN General Insurance Co Ltd	Subsidiary of Ultimate parent	Insurance Expense	2,411	2,732
xi	FBNQuest Asset Management	Subsidiary of Parent	Investment in Portfolio Funds	324,588	605,042
xii	FBNQuest Capital	Subsidiary of Parent	Customer Deposits (Overdrafts)	185,459	85,012
xiii	FBNQuest Capital	Subsidiary of Ultimate parent	Customer Deposits	-	117,759
xiii	FBNQuest Trustees	Subsidiary of Ultimate parent	Customer Deposits	12,685	12,674

**25 Correction of errors**

During the year, the Company discovered that certain comparative figures contained errors. The errors have been corrected by restating each of the financial statement items for prior period. The directors have presented the impact of these restatements/reclassification only to the extent that is considered material. The following summarise the impact on the financial statements.

**Statement of financial**

As at 31 December 2020

In thousands of naira

	Notes	As previously	Adjustments	As restated
<b>ASSETS</b>				
Cash and cash equivalents	a	1,106,740	12,705	1,119,445
Financial asset - Fair value through profit or loss		86,059	-	86,059
Financial asset - Fair value through other comprehensive income		761,134	-	761,134
Financial asset - Amortized Costs	c	347,828	(347,828)	-
Other Assets	b,c	-	351,205	351,205
Deferred tax assets		399,563	-	399,563
Intangible assets		17,599	-	17,599
Property and equipment		11,456	-	11,456
Deposit with Nigerian Stock		1,150	-	1,150
<b>Total assets</b>		<b>2,731,529</b>	<b>16,082</b>	<b>2,747,611</b>
<b>LIABILITIES</b>				
Customer deposits		1,476,522	-	1,476,522
Tax payable		621	-	621
Other liabilities	a	430,383	12,705	443,088
<b>Total liabilities</b>		<b>1,907,526</b>	<b>12,705</b>	<b>1,920,231</b>
<b>EQUITY</b>				
Share capital		800,000	-	800,000
Share premium		1,700,000	-	1,700,000
Accumulated loss	b	(1,725,625)	3,377	(1,722,248)
Fair value reserve		49,628	-	49,628
<b>Total equity</b>		<b>824,003</b>	<b>3,377</b>	<b>827,380</b>
<b>Total equity &amp; liabilities</b>		<b>2,731,529</b>	<b>16,082</b>	<b>2,747,611</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December, 2021

**Statement of profit or loss and**

For the year ended 31 December 2020

*In thousands of naira*

	<b>Note</b>	<b>As previously</b>	<b>Adjustments</b>	<b>As restated</b>
Fees and commission	b	185,145	3,377	188,522
Interest income		37,575	-	37,575
Other income		21,280	-	21,280
		<b>244,000</b>	<b>3,377</b>	<b>247,377</b>
Operating expenses		(334,151)	-	(334,151)
Personnel expenses		(64,866)	-	(64,866)
Loss before tax		<b>(155,017)</b>	<b>3,377</b>	<b>(151,640)</b>
Tax (expense)/credit		2,917	-	2,917
Loss after tax		<b>(152,100)</b>	<b>3,377</b>	<b>(148,723)</b>
Other comprehensive income/(loss)		20,714	-	20,714
Total comprehensive loss for the year		<b>(131,386)</b>	<b>3,377</b>	<b>(128,009)</b>

**Statement of cashflows**

For the year ended 31 December 2020

*In thousands of naira*

	<b>Notes</b>	<b>As previously</b>	<b>Adjustments</b>	<b>As restated</b>
Net cashflows generated from/(used in) operating activities	b, d	167,428	(51,888)	115,540
Net cashflows generated from investing activities	d, e	1,217	64,593	65,810
Net cash used in financing activities		-	-	-
Cash and cash equivalents at end of year		168,645	12,705	181,350
Cash and cash equivalents at start of year		938,095	-	938,095
<b>Cash and cash equivalents at end of year</b>		<b>1,106,740</b>	<b>12,705</b>	<b>1,119,445</b>

**Explanatory notes for the correction of errors and reclassification**

**a.** In the previous period, the closing balance one of the Company's domiciliary account was omitted, resulting in the understatement of cash and cash equivalent as well as other liabilities. Management has corrected this error by recognising the naira equivalent of the balance using the closing rate as at 31 December 2020.

**b.** Management determined that a commission income received during the year relates to a transaction carried out in 2020 on sukuk bond omitted from 2020 financials, resulting in understatement of 2020 commission income and commission receivable. Hence, the adjustment to correct this error.

**c.** During the prior year, management had recognised both financial and non financial asset as financial assets - amortised cost. Hence, in order to properly present these balance, management had recognised financial and non-financial asset as other assets.

**d.** The Company had sold a fully depreciated Motor Vehicle in the previous period, for which the cost and depreciation of the assets was not derecognised from the 2020 financial statement, however the proceed was recognised as other income. This resulted in over statement of cost of property, plant and equipment (PPE) and Accumulated depreciation, over-statement cashflow generated from operating activities and understatement of cashflow from investing activities. Having determined this, Management has passed the adjustment correct this error.

**e.** Reclassification of interest received from net cashflow from operating activities to net cashflow from investing activities.

**26 Contingencies****a Claims and litigation**

The Company is presently involved in two legal cases in the normal course of business with contingent liabilities amounting to N219million, based on awarded judgement sum at lower court ( December 2020: N219million). The actions and judgement are being contested by management and the directors having sought the advice of the professional legal counsel are of the opinion that no significant liability will crystallise from these cases. According the directors believe there will be no material adverse effect to the financial statements.

**b. Tax audits**

The Company has an open tax audit for which the FIRS claims a liability of up to N78m on the different tax-lines (TET, VAT & WHT). However, Our tax Consultants via a formal response to the FIRS dismissed the position and are of the opinion that a liability of up to N3.85m may ensue of which the Company has accrued for in the normal course of business.

**27 Events after statement of financial position date**

The Finance Act was signed into Law on 31 December, 2021, with an effective date of 1 January, 2022. The signing into law of the Finance bill on 3 December 2021 qualifies as an adjusting event as the bill had been in existence at the end of the financial year. In view of this development, the Company has reviewed the provisions of the Act and have made appropriate adjustments to the financial estimates disclosed in the Financial statement in line with the relevant provisions of the Finance Act.

**28 Non-audit service**

There were no non-audit services provided during the year by the external auditor.



## **OTHER NATIONAL DISCLOSURES**

**VALUE ADDED STATEMENT**  
*for the year ended 31 December, 2021*

	<b>31 December 2021</b>		<b>31 December 2020</b>	
		<b>%</b>	<b>N'000</b>	<b>%</b>
Gross earnings	400,991		247,377	
Bought in materials and services (local)	<u>(292,025)</u>		<u>(317,482)</u>	
<b>Value added / utilised</b>	<b><u>108,965</u></b>	<b>100%</b>	<b><u>(70,106)</u></b>	<b>100%</b>
<b>Distribution</b>				
<b>Employees</b>				
Wages, salaries and benefits	80,097	74%	64,866	-93%
<b>Government</b>				
Company income tax	125	0%	(3,538)	5%
<b>The future</b>				
Asset replacement - depreciation & amortization	17,540	16%	17,290	-25%
Expansion - transfer to reserves	<u>11,204</u>	<u>10%</u>	<u>(148,724)</u>	<u>212%</u>
	<b><u>108,965</u></b>	<b><u>100%</u></b>	<b><u>(70,106)</u></b>	<b><u>100%</u></b>

**FIVE YEAR FINANCIAL SUMMARY**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>ASSETS</b>					
Cash and bank equivalents	1,139,535	1,119,445	938,094	1,731,032	1,210,948
Prepayments	-	-	-	-	-
Financial assets:					
Fair value through profit or loss	101,485	86,059	69,740	270,190	-
Held for trading	-	-	-	-	748,116
Fair value through other comprehensive income	474,460	761,134	307,960	76,398	-
Available for sale	-	-	-	-	37,758
Amortised Costs	-	-	61,176	50,623	-
Other Assets	124,251	351,205	-	-	31,885
Deferred tax assets	399,563	399,563	396,025	306,356	122,719
Intangible assets	5,563	17,599	46,002	73,402	150,444
Property, plant and equipment	8,134	11,456	14,982	15,716	12,016
Deposit with Nigerian Stock Exchange	-	1,150	1,150	1,150	1,150
	<b>2,252,991</b>	<b>2,747,611</b>	<b>1,835,129</b>	<b>2,524,867</b>	<b>2,315,035</b>
<b>LIABILITIES</b>					
Other Liabilities	924,402	443,088	477,449	534,611	351,219
Tax payable	1,113	621	1,495	5,661	12,060
Customer deposits	394,835	1,476,522	400,795	882,253	466,265
	<b>1,320,350</b>	<b>1,920,232</b>	<b>879,740</b>	<b>1,422,525</b>	<b>829,543</b>
<b>NET ASSETS</b>	<b>932,640</b>	<b>827,379</b>	<b>955,389</b>	<b>1,102,342</b>	<b>1,485,491</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	800,000	800,000	800,000	800,000	800,000
Share premium	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Retained earnings	(1,671,534)	(1,722,248)	(1,573,525)	(1,412,925)	(1,023,661)
Statutory reserves	104,175	49,628	28,914	15,267	9,153
<b>TOTAL CAPITAL AND RESERVES</b>	<b>932,641</b>	<b>827,380</b>	<b>955,389</b>	<b>1,102,342</b>	<b>1,485,492</b>
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Net operating income	400,991	247,377	391,511	531,702	581,844
Operating expenses	388,674	399,017	639,885	1,098,592	458,628
<b>Profit/(loss) before tax</b>	<b>12,317</b>	<b>(151,641)</b>	<b>(248,374)</b>	<b>(566,890)</b>	<b>123,216</b>
Tax expense	(125)	3,538	87,775	177,625	(40,699)
<b>Profit/(loss) after tax</b>	<b>12,192</b>	<b>(148,103)</b>	<b>(160,599)</b>	<b>(389,265)</b>	<b>82,516</b>
Other comprehensive income	106,044	10,579	13,647	6,114	(3,998)
<b>Total comprehensive income/(loss)</b>	<b>118,236</b>	<b>(137,524)</b>	<b>(146,952)</b>	<b>(383,151)</b>	<b>78,518</b>