Stanbic IBTC Insurance Brokers Limited

Annual Report

31 December 2019

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Company information

Registered address:	IBTC Place Walter Carrington Crescent Victoria Island Lagos Nigeria
Principal place of business:	Wealth House Plot 1678 Olakunle Bakare Close Off Sanusi Fafunwa Street Victoria Island Lagos Nigeria
Postal address:	P O Box 71707 Victoria Island Lagos Nigeria
Auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos Nigeria
Company Secretary:	Ese Nkadi email: ese.nkadi@stanbicibtc.com
Banker:	Stanbic IBTC Bank Plc Walter Carrington Crescent Victoria Island Lagos Nigeria

Directors' report

In compliance with the Companies and Allied Matters Act, the Directors have the pleasure in presenting their annual report on the affairs of Stanbic IBTC Insurance Brokers Limited ("the Company" or "SIIBL") together with the audited financial statements and the auditor's report for year ended 31 December 2019.

Legal form and principal activity

Stanbic IBTC Insurance Brokers Limited was incorporated in Nigeria under the Companies and Allied Matters Act as a limited liability company on 29 December 2014 and commenced operations in February 2016. The Company is domiciled in Nigeria and is a subsidiary of Stanbic IBTC Holdings PLC. The principal activities of the Company include provision of solution-based risk management and insurance intermediary services for clients and other interested business establishments. Stanbic IBTC Insurance Brokers Limited also delivers risk management solutions that enable clients create, protect and preserve wealth.

Operating results

The highlights of the Company's operating results for the financial year ended 31 December 2019 were as follows:

	31-Dec-19	31-Dec-18
	₦'000	₦'000
Revenue	**969,405**	647,203
Profit before tax	**429,741**	252,610
Taxation	**(132,851)**	(69,298)
Profit after tax	**296,890**	183,312
Reserves as at beginning of year	249,923	55,317
Reserves at end of year	**396,620**	249,923
Shareholders' funds	**416,620**	269,923

Dividend

The Board of Directors proposed dividend of ₦252 million (2018: ₦156 million) for the financial year ended 31 December 2019.

Directors' report

Directors and their interests

The Directors who held office during the year are as follows:

Anselem Igbo	Chief Executive
Yinka Sanni*	Chairman of the Board
Eric Fajemisin	Non-Executive Director
Remy Osuagwu	Non-Executive Director
Sakeenat Bakare**	Executive Director
Olu Delano***	Non-Executive Director
Nkolika Okoli****	Non-Executive Director
Godwin Wiggle*****	Independent Non-Executive Director
Deon de Klerk******	Non-Executive Director

Chidi Okezie was the Company Secretary during the year*******
Ese Nkadi was the Company Secretary during the year********

* Yinka Sanni resigned his appointment on the Board with effect from 31 December 2019.
** Sakeenat Bakare was appointed as Executive Director with effect from 28 February 2019.
*** Olu Delano was appointed as Non-Executive Director with effect from 06 February 2019.
**** Nkolika Okoli resigned her appointment on the Board with effect from 20 August 2019.
***** Godwin Wiggle was appointed as Independent Non-Executive Director with effect from 06 February 2019.
****** Deon de Klerk was appointed as Non-Executive Director with effect from 27 August 2019.
******* Chidi Okezie resigned his appoinment as the Company Secretary with effect from 13 February 2020.
******** Ese Nkadi was appointed as the Company Secretary with effect from 13 February 2020.

The interest of Directors in the issued share capital of the Company as recorded in the register of Directors shareholding and/or as notified by the Directors for the purpose of Section 275 and 276 of CAMA are as follows:

	No of ordinary shares held	No of ordinary shares held
	31-Dec-19	31-Dec-18
Anselem Igbo	**5,000,000**	5,000,000
Yinka Sanni	**-**	-
Eric Fajemisin	**-**	-
Remy Osuagwu	**-**	-
Sakeenat Bakare	**-**	-
Olu Delano	**-**	-
Nkolika Okoli	**-**	-
Godwin Wiggle	**-**	-
Deon de Klerk	**-**	-

Directors' interest in contracts

For the purpose of section 277 of the Companies and Allied Matters Act of Nigeria, none of the Directors has notified the Company of any direct or indirect interest in contracts or proposed contracts with the Company during the year.

Analysis of shareholding and change in ownership

According to the register of members as at 31 December 2019, the spread of shareholding in the Company was as follows:

	No. of shares held		**Shareholding (%)**	
	31-Dec-19	31-Dec-18	**31-Dec-19**	31-Dec-18
Stanbic IBTC Holdings PLC	**15,000,000**	15,000,000	**75%**	75%
Anselem Igbo	**5,000,000**	5,000,000	**25%**	25%
Total	**20,000,000**	20,000,000	**100%**	100%

Directors' report

Property and equipment

Information relating to changes in property and equipment is given in Note 3 to the financial statements. In the Directors' opinion, the disclosures regarding the Company's property and equipment are in line with the accounting policy of the Company.

Employment of disabled persons

The Company's recruitment policy is based solely on merit and does not discriminate against any person on the grounds of physical disability. The Company currently has no disabled person in its employment (2018: nil).

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. To this end, the Company provides comprehensive medical, dental and optical cover for all employees and their nuclear dependants. Where an employee acting within the scope of his/her employment accidentally injures a third party, the Company, within acceptable limits defrays such third party's medical expense.

Employee involvement and training

To ensure that it appropriately addressed employees' welfare and concerns throughout the year under review, the Company:

a. Kept staff informed of all matters affecting them and the Company in general and encouraged their contributions towards the development of staff policies.
b. Held regular meetings to discuss the Company's day to day operations, business focus and staff welfare issues.
c. Ensured that staff received continuous on-the-job training and also attended off-site training conducted by reputable third party facilitators.

Staff remuneration policy

a. Our reward strategies and remuneration structure are designed to attract, motivate and retain high calibre people at all levels of the organisation, in a highly competitive market.
b. Consideration is given to total reward and the appropriate balance between fixed and variable pay for all employees, depending on seniority and roles.
c. Our reward strategy is aligned with non-financial rewards including strong leadership and performance management recognition for exceptional contribution, clear talent management and career paths and an inclusive, value based culture.
d. Fixed pay is intended to attract and retain employees by ensuring competitive positioning in the relevant market place.
e. Fixed pay must reward the inputs of skill, competence and experience aligned to contribution, market and job size.
f. Short-term incentive structures reward medium to long term strategies rather than a primary focus on short term goals.
g. All incentive awards, above a minimum level, are thus deferred in part and the deferred portion linked in value to the Standard Bank share price during the deferral period.
h. Vesting conditions attached to deferred awards and long-term incentives make provision for claw-back and forfeiture of unvested awards.

The Company's management monitors the implementation of the Company's remuneration policy, which ensures that:

- salary structures and policies, as well as cash and long-term incentives, motivate sustained high performance and are linked to corporate performance objectives;
- stakeholders are able to make a reasonable assessment of reward practices and the governance process; and
- the Company complies with all applicable laws and codes.

Directors' remuneration philosophy

- Our Directors' remuneration structure is designed to adequately compensate Directors for the time spent attending to the Company's business.
- Remuneration is not linked in any way to the profitability of the Company.
- The main consideration for remuneration is to pay an absolute fee and sitting allowance which is based on time spent.
- Directors' remuneration is reviewed annually having regard to annual inflation rate and approved by the Board and subsequently at the annual general meeting.
- Surveys are conducted periodically to ensure that Directors' remuneration is aligned to market realities.

Donations

The Company did not make donation during the year (2018: nil).

Directors' report

Risk management

Introduction

Stanbic IBTC Insurance Brokers Limited ("SIIBL") is an insurance brokerage firm in Nigeria. In SIIBL, the risk management framework focuses on risk culture as the foundation upon which the pillars of risk and control processes and extreme events management lie.

The Company, as a member of Stanbic IBTC Holdings Plc, leverages on the risk management capabilities of the Group to create a risk awareness culture.

Stanbic IBTC Holdings Plc is committed to implement initiatives that improve corporate governance for the benefit of all stakeholders. Stanbic IBTC Holdings Plc's Board of Directors aims to implement governance practices that comply with international best practice, where substance prevails over form. Stanbic IBTC Insurance Brokers Limited is guided by these principles in establishing respective governance frameworks, which are aligned to Stanbic IBTC Holdings Plc standards in addition to meeting the relevant jurisdictional requirements in respective areas of operation.

The responsibility for managing risk is decentralized throughout the organization with the deployment of three (3) lines of defence model whereby the front office manages risks as the interface of the business with external stakeholders while the middle and the back office provides support and independent assurance to the business. Part of the roles of the second line of defence is the Risk Governance, Policies and Standards oversight while the 3rd line of defence is where internal audit resides to provide independent oversight on the first 2 lines of defence.

As an insurance broker, we find it important that risk is second nature to the Company. Therefore, strategies are crafted to ensure that the principle of "no premium no cover" is followed, clients risk exposures are provided needed timely policy covers as premiums are paid.

Risk management framework

• Corporate governance through Board and senior management oversight

• Systems and process for identification, measuring, monitoring and controlling risk

• Comprehensive internal controls/internal audit

• Influencing the business and environment by being participants in the relevant regulatory and business forums

Governance structure

In order to ensure that appropriate oversight is provided for the activities undertaken within the Company, the corporate governance structure in place is focused on risk in addition to meeting regulatory requirements.

The Board of Directors provides the necessary controls, oversight and strategic direction the Company requires.

The Risk Management structure ensures that the risk management function has unfettered access to the Board of Directors thus ensuring its independence. The Board of Directors of the Company is made up of Executive and Non-Executive Directors to further enhance objectivity in consideration of issues before it.

Risk exposures of the Company

The business of an insurance broker is inherently about risk management and there can be no divorcement of same from what the Company does. Efforts are devoted to the process of managing risk by the Company through the identification, measurement, monitoring and controlling of risks. The Company's business, financial condition, operating results or non-operating results could be materially adversely affected by different risks the Company is exposed to and which will be looked at in 3 ways:

i. Own investment portfolio
ii. Business and Competition
iii. Operations

Own investment portfolio risks

The Company does not take positions in the equities market but the Finance Department takes responsibility for investing the Company funds in fixed income securities which include Government/ Sovereign debt instruments and bank deposits, Bankers Acceptances (BAs) etc.

Due to the nature of the investments, the Company is primarily exposed to interest rate risk, market price risk, credit risk, foreign exchange risk and liquidity risk. Interest rate risk could result from decrease in the market value of instruments held or inability to reinvest cash flows from maturing investment at rates similar to the matured investments. Liquidity risk could result from the inability to easily dispose instruments held while credit risk may result from the default of an issuer of instruments held by the Company's own portfolio in the payment of interest and principal. SIIBL is exposed to foreign exchange risks.

Risks related to the Company’s Business and Competition

Changes in the value of assets

The Company's revenues are largely driven by brokerage commission, which is a function of either the assets under custody or the fee agreed with clients in insurance policies. Adverse movement in prices of assets could cause the following:

- Decrease in value of assets under custody
- Decrease in returns on funds
- Transfer of assets to other insurance brokerage firm by clients

Poor execution of insurance contract could lead to the loss of clients and a decline in revenues and earnings.

Risks related to the Company’s Business and Competition

Changes in the value of assets

The Company's revenues are largely driven by brokerage commission, which is a function of either the assets under custody or the fee agreed with clients in insurance policies. Adverse movement in prices of assets could cause the following:

- existing clients withdrawing funds in favour of better performing Brokers, which could result in lower brokerage commission;
- the diminishing ability to attract business from existing and new clients, and
- an impairment to the value of intangible assets and goodwill (reputation)

The soundness of other financial institutions/ financial instrument issuers could adversely affect the Company.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. This relationship exposes the company to credit risk, which is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

The Company and the funds under custody have exposure to different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including custodians, brokers and dealers, commercial banks, investment banks and mutual funds. Many of these transactions might expose the Company or the funds to credit risk in the event of default of its counterparty or client. While we regularly conduct assessments of such risk posed by counterparties, the risk of non-performance by such parties is subject to sudden swings in the financial and credit markets, including the effects of banking crisis.

As at 31 December 2019, the exposure to different counterparties/ borrowers is shown in the table below. Financial institutions’ periodic credit and risk ratings as well as other performance metrics are obtained and analysed in order to manage exposure and react as appropriate to ensuing realities.

Company own funds	**31-Dec-19**	**31-Dec-18**
Counterparty/Borrower	**Exposure (₦’m)**	**Exposure (₦’m)**
Federal Government	544,020	-
State Government	-	-
Financial Institutions	-	-
Investment in Stanbic IBTC Mutual Funds	254,632	490,618
Total	**798,652**	**490,618**

Loss of employees could lead to the loss of clients and a decline in revenues.

The Company's philosophy in ensuring that it attracts and retains quality personnel has contributed significantly to the achievement recorded so far. The market for qualified legal officers, brokers, agents and other professionals is competitive. Loss of personnel could have a material adverse effect on the Company. The Company has different programmes for effectively engaging its staff and top talent. Some of the programmes include talent management, succession planning, support for staff who are studying to hone their skills, local and international exposure for staff.

Failure to comply with Fund Management Agreements could lead to award of damages and loss of mandates.

Insurance contracts show the expectation of the clients with respect to how the insurer, accepts significant insurance risk from the policyholder, to compensate the policyholder if a specific uncertain future event impacts the policyholders. Failure to comply with these guidelines could result in damage to SIIBL's reputation, Loss of Assets under custody and losses as a result of clients seeking to recover losses. In order to mitigate this risk, Risk Management and Compliance functions monitor the compliance of the funds against the agreed guidelines with investors and deviations are rectified bearing in mind the interest of the clients.

Risks Related to SIIBL's Operations

IT and technological risks exposure

The Company is exposed to IT and technological risks including:

- Failure to maintain adequate infrastructure could impede productivity and growth.

The Company's infrastructure, including its technological capacity, data centres, and office space, is vital to the competitiveness of its business. The failure to maintain an adequate infrastructure commensurate with the size and scope of its business, including any expansion, could impede the Company's productivity and growth, which in turn could cause the Company's earnings to decline. The Company manages this risk by deploying up to date and scalable technology relevant to its business.

- Failure to maintain adequate business continuity plans could have a material adverse impact on the Company and its products.

The failure of the Company to maintain updated adequate business continuity plans, including secure backup facilities, systems and personnel could impede the Company's ability to operate upon a disruption, which could cause the Company's earnings to decline. The Company in addition to having frequently updated business continuity plan ensures that its disaster recovery infrastructure is tested periodically at least 2 times in a year.

- Failure to maintain a technological advantage could lead to a loss of clients and a decline in revenues.

It is important to note that the continued success of the Company is dependent on the technological advantage we possess relative to competition. However, the Company's technological and software advantage is dependent on a number of third parties who provide various types of software.

The failure of these third parties to provide such software or maintenance could result in operational difficulties and adversely impact SIIBL's ability to provide services to its clients. It is important that the Company will be able to maintain this technological advantage and effectively protect and enforce its intellectual property rights in these systems and processes. In place with all service providers are Service Level Agreements ("SLAs") which stipulate the roles and responsibilities of each party and penalties in the event of breach. The Company may not, however, be able to guarantee the continuity of the service providers in the long term but on-going assessments are done periodically on them.

- Failure to implement effective information and cyber security policies, procedures and capabilities could disrupt operations and cause financial losses that could result in a decrease in earnings.

The Company is dependent on the effectiveness of its information and cyber security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack, virus or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information and could result in material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could cause a decline in the Company's earnings. The Company manages this risk by deploying up to date and scalable technology relevant to its business.

Directors' report (cont'd)

- Failure of a key vendor to fulfil its obligations could have a material adverse effect on SIIBL and its products.

The Company depends on a number of key vendors for various roles e.g. Custody, Data transmission, Cleaning Services and other operational needs. The failure or inability of SIIBL to diversify its sources for key services or the failure of any key vendors to fulfil their obligations could lead to operational issues for the Company could result in financial losses for the Company and its clients. All vendors are appraised annually to ensure that value is gotten from services rendered. The process for engaging vendors is to ensure that best practices are followed.

Legal and Regulatory Risks

Regulatory provisions

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the company.

The Insurance brokerage business is subject to extensive regulation which includes the Insurance Act of 2003 and relevant National Insurance Commission (NAICOM) guidelines and circulars. Violation of applicable laws or regulations could result in fines, temporary or permanent prohibition of the engagement in certain activities, reputational harm and related client terminations, suspensions of personnel or revocation of their licenses, or other sanctions, which could have a material adverse effect on SIIBL's reputation, business, results of operations or financial condition and cause the Company's earnings to decline. In order to manage this risk, the Company is an active participant of the Nigeria Council of Registered Insurance Brokers (NCRIB) that engages with the regulator.

Regulatory capital risk

Regulatory capital risk is the risk that the Company does not have sufficient capital to meet either minimum regulatory or internal amounts. The table below summarizes the minimum required capital and the capital held as at 31 December 2019:

Required	Actual Capital held	Actual Capital Ratio
₦5,000,000.00	₦20,000,000.00	1 : 4

Claims and Litigations could adversely affect operating results, financial condition and cash flows for a particular period.

Many aspects of SIIBL's business involve risks of legal liability. The Company has not been named as defendants in any legal actions. From time to time; SIIBL receives requests for information from various governmental and regulatory authorities in connection with certain industry wide, company-specific or other investigations or proceedings.

Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk

The risk which concerns specific transactions entered into by the Company, including restructuring projects and reorganisations.

- Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the Company.

- Compliance risk

The risk associated with meeting the Company's statutory obligations.

- Financial accounting risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the Company's taxation risk, the Company's tax policy is as follows:

The Company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the Company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

• all taxes due by the Company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
• the Company continually reviews its existing operations and planned operations in this context; and
• where clients participate in company products, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the Company's tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the Company is exposed, in the context of the various types of activities the Company conducts.

Accounting risk

Accounting risk is the risk that the Company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

• maintain proper books and records, accounting systems and to have proper accounting policies;
• establish proper internal accounting controls;
• prepare periodic financial statements that reflect an accurate financial position; and
• be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflects the financial position, results and cash flows of the Company.

Strategic Risk

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

The Company’s risk management identifies and assesses both these risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, the Company’s risk management creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the Company and regularly informs directors and management.

Compliance with the Corporate Governance Code

Although the Code of Good Corporate Governance for Insurance companies in Nigeria applies majorly to public insurance, the Company confirms that throughout the year ended 31 December 2019, the Company complied with the principles set out in NAICOM's Code of Good Corporate Governance.

The Company applies the Code's principles of transparency, integrity and accountability through its own behaviour, corporate governance best practice and by adopting the code in a manner that is appropriate and proportionate for a company of its size and nature. The policies and procedures adopted by the Board and applicable to the Company’s businesses are documented in the Board’s mandate, which also set out the role of the Board, as well as manuals which set out the operations of the business.

Directors' report (cont'd)

Events after the reporting date

There are no events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2019 and its operating results as of that date, which have not been adequately provided for or disclosed in the financial statements.

In February 2020, Nigeria detected its index case of the corona virus disease 2019 (COVID-19). Since then, the number of COVID-19 cases have continued to increase; global and local responses to the COVID-19 outbreak have continued to evolve. As part of Nigeria's response to the outbreak, the President of Nigeria issued a restrictive movement order in some parts of Nigeria, including Lagos state, where the Company primarily operates. As a result, the Fund's operations have been limited to remote activities.
As at the date that the financial statements were authorized for issue, none of the Company's responses to the COVID-19 pandemic had a material impact on the amounts recognized as at 31 December 2019.
For subsequent reporting period, the Company anticipates that the impact of the COVID-19 pandemic may lead to budget revision and the recognition of increased impairment allowance on financial assets.
The impact of COVID-19 pandemic on the Nigerian economy and financial markets is still evolving. As such, the Company is unable to fully estimate the future impact on the operations as at the report date. Notwithstanding, the Company will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated.
The Company is confident that the quantitative impact will be minimal and inconsequential to negatively affect the going concern status of the Business. Accordingly, these financial statements have been prepared on a going concern basis.
There was no other event after the end of the reporting period which could have a material effect on the financial statements of the Company for the year ended 31 December 2019 which has not been adjusted for, or disclosed in, the financial statements.

Auditor

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 auditors to the Company. In accordance with section 357 (2) of the Companies and Allied Matters Act of Nigeria 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

Ese Nkadi
(FRC/2017/NBA/00000017307)
Company Secretary
IBTC Place, Walter Carrington Crescent
Victoria Island,
Lagos.
29-Apr-2020

Certification by the Company Secretary

In terms of the Companies and Allied Matters Act ("the Act"), I certify that the Company has lodged with the Corporate Affairs Commission all such returns for the year ended 31 December 2019 as are required by the Act, and that all such returns are true, correct and up to date.

Ese Nkadi
(FRC/2017/NBA/00000017307)
Company Secretary
Lagos, Nigeria
29-Apr-2020

Statement of Directors' Responsibilities in Relation to the Financial Statements for year ended 31 December 2019

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 (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council (FRC) Act of Nigeria, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM").

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") 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 an 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 BOARD OF Directors BY:

Anselem Igbo
Chief Executive
(FRC/2016/CIIN/00000014749)
29-Apr-2020

Eric Fajemisin
Director
(FRC/2013/ICAN/00000001083)
29-Apr-2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stanbic IBTC Insurance Brokers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Stanbic IBTC Insurance Brokers Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 17 to 47.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM") Circulars.

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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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 Information

The Directors are responsible for the other information. The other information comprises the Directors Report, Certification by the Company Secretary, Statement of Directors' responsibilities 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, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, *the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") Circulars,* 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 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Akinyemi Ashade, FCA
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
29 April 2020
Lagos, Nigeria

1. Reporting Entity

Stanbic IBTC Insurance Brokers Limited was incorporated in Nigeria under the Companies and Allied Matters Act Cap C.20, Laws of Federation of Nigeria, 2004 (CAMA) as a limited liability company on 29 December 2014 and commenced operations in February 2016. The Company is domiciled in Nigeria and is a subsidiary of Stanbic IBTC Holdings PLC. The principal activities of the Company include provision of solution-based risk management and insurance intermediary services aimed at the total satisfaction of clients and other interested business establishments. Stanbic IBTC Insurance Brokers Limited also delivers creative risk management solutions that enable clients create, protect and preserve wealth.

2. Basis of preparation and statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2019.

These financial statements comply with the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission ("NAICOM").

IFRS comprises International Financial Reporting Standards, International Accounting Standards and Interpretations originated by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

The financial statements have been prepared on a historical cost basis, except for the following in the statement of financial position:

• financial instruments at fair value through profit or loss are measured at fair value
• liabilities for cash-settled share-based payment arrangements are measured at fair value

The Company applies accrual accounting for recognition of its income and expenses.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or liabilities assumed on initial recognition.

The financial statements were authorised for issue by the Directors on 29 April 2020.

3. Functional and presentation currency

These 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.

4. Use of judgements and estimates

In preparing the financial statements, the Company makes judgement, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses within the current and subsequent financial years. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

a) Judgements

In the process of applying the Company's accounting policies, management has not made any critical judgements that have a significant effect on the amounts recognised in the financial statements.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2019 is included in the following notes:
•• Note 10 – Employee benefit provisions;
•• Note 2 (c)– recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

c) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

5. Changes in accounting policies

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following amendments effective for the current period:

- **IFRS 9 Financial Instruments (amendment) (IFRS 9)**: The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income. The amendment is required to be applied retrospectively.
- **IAS 19 Employee Benefits (amendments) (IAS 19)**: The amendments require a company to use the updated assumptions when a change to a plan either an amendment, curtailment or settlement, takes place to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Until now, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements.

- **IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)**: This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. This interpretation addresses: whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. The IFRIC will be applied retrospectively only if possible without the used of hindsight.

- **Annual improvements 2015-2017 cycle:** The IASB has issued various amendments and clarifications to existing IFRS.

The above mentioned amendments and interpretation to the IFRS standards, adopted on 1 January 2019, did not effect the Company's previously reported financial results, disclosures and did not impact the Company's results upon transition.

The Company has adopted IFRS 16 Leases (see (i)) from 01 January 2019.

(i) IFRS 16 Leases

This standard has replaced IAS 17 Leases, IFRIC 23 Uncertainty over Income Tax Treatments, SIC-25 Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders, SIC-27 — Evaluating the Substance of Transactions in the Legal Form of a Lease as well as the related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, being the lessee (customer) and the lessor (supplier).

The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet.

The most significant change pertaining to the accounting treatment of operating leases is from the lessees' perspective. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and introduces a single lessee accounting model, where a right of use (ROU) asset together with a liability for the future payments is to be recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lessor accounting requirements in IAS 17 has not changed substantially in terms of this standard as a result a lessor continues to classify its leases as operating leases or finance leases and accounts for these as it currently done in terms of IAS 17. In addition, the standard requires the lessor to provide enhanced disclosures about its leasing activities and in particular about its exposure to residual value risk and how it is managed.

The single lessee lease accounting model has the following impact:

- **Balance sheet gross up and volatility**: IFRS 16 leads to an increase in leased assets and liabilities as well as increased volatility due to the requirements to reassess key estimates and judgements (such as remaining lease term, options to extend, restoration cost etc.) at each reporting date.

- **Change in financial metrics**: Financial metrics are affected by the recognition of the leased asset and lease liability and the difference in the timing and classification of the lease expenses. The lease expenses are the sum of the depreciation of the leased asset (presented in operating expenses) and the interest expense on the leased liability (presented in net interest income).

The table below highlights the major changes between IAS 17 and IFRS 16

SN	Description	IAS 17	IFRS 16
1	Elimination of off-balance sheet financing	Lessees classify lease as either operating or finance lease. If the lease is classified as operating, the lessee would not show neither asset nor liability in the balance sheets – just the lease payment is expensed in the profit or loss. Non-cancellable leases represent a liability (and an asset) for the lessees but the liability is hidden and not presented in the financial statements	No classification of lease. Most leases are on-balance sheet as asset and liability.
2	Lease contract and service contract	There is no differentiation between operating lease contract and service contract as both are accounted for same way in the profit or loss statements	There is differentiation between lease contract and service contract and each is accounted for separately and/or differently. If the underlying asset is identifiable then it is a lease contract but where it is not identifiable, it is a service contract and not a lease contract
3	Lease payments in "combined" contracts	All operating lease payments which include lease rentals and some service cost such as maintenance, repairs, cleaning are charged to profit or loss statements	Lease payments are split into lease elements (lease rentals) and non-lease element (service cost). Lease element is accounted as lease under IFRS 16, while non-lease element is treated as expense in the profit or loss statement
4	Accounting for lease	Different accounting for operating and finance lease	Single model of accounting for every lease for the lessee.

Definition of lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessments of which transitions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 are not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contract entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease components on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

IFRS 16 Leases (continues)

Scope, Recognition and Measurement

The scope of IFRS 16 applies to contracts meeting the definition of a lease, except for:

- Leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources;
- Leases of biological assets within the scope of IAS 41 Agriculture held by a lessee;
- Service concession arrangements within the scope of IFRIC 12 Service Concession Arrangements;
- Licenses of intellectual property granted by a lessor within the scope of IFRS 15 Revenue from Contracts with Customers, and
- Rights held by a lessee under licensing agreements within the scope of IAS 38 Intangible Assets for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

Recognition exemptions

In addition to the above scope exclusions, a lessee can elect not to apply IFRS 16's recognition and requirements to:

- Short-term leases; and
- Leases for which the underlying asset is of low value

In the above cases, the lessee will recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Leases of Low Value Assets

The assessment of 'low value' for a leased asset is to be made on the basis of the value of an asset when it is (or was) new, regardless of whether the actual asset being leased is new. An underlying asset in a lease can be of low value only if:

- The lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- The underlying asset is not highly dependent on, or highly interrelated with, other assets.

IFRS 16 provides examples of low value leases, which include tablets and personal computers, small items of office furniture and telephones.

Recognition and measurement as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

sn	Description	Initial measurement	Subsequent measurement
1	Right of Use assets	At cost (initial measurement of the lease liability) plus initial direct costs any lease payments made at or before the commencement date less any lease incentives received and estimate cost of demantling and removing underlying asset.	Cost Model: Cost less accumulated depreciated and accumulated impairment. The ROU asset is depreciated over the shorter of the lease term and useful life, except if ownership transfers to the lessee at the end of the lease term or cost reflects that the lessee will exercise a purchase option in the useful life of the asset used in these instances.
2	Lease liability	At the present value of the lease payments that are not paid at the commencement date. Payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If not use the lessee's incremental borrowing rate.	Lessee shall measure the lease liability by: • increasing the carrying amount to reflect interest on the lease liability; • reducing the carrying amount to reflect the lease payments made.

In terms of IAS 1 Presentation of financial statements (IAS 1) the nature of these identified lease contract are aligned to tangible asset. Therefore, the Right of Use (ROU) assets are presented on the face of the statement of financial position. The depreciation on the ROU asset is presented as part of operating expenses. The lease liabilities are presented as part of the Trade and other payables line on the face of the statement of financial position. The interest expense on the leased liability will be presented in net interest income.

The Company formed an IFRS 16 working group and detailed project plan, identifying key responsibilities and milestones of the project. The estimated impact on the annual financial statements was assessed and the transition balance passed in January 2019. Given that the Company pays in advance on most of its lease obligations, the transition adjustment was largely a reclassification between Prepaid Rent to Right-of-use assets.

The Company has elected to apply IFRS 16, using the modified retrospective approach, without restating comparative periods, which will continue to be presented in terms of IAS 17, with a transition adjustment as at 1 January 2019.
The single lessee accounting model has no impact on the Company's financials.

Notes to the financial statements

IFRS 16 Leases (continues)

Adoption and transition

The Company applied IFRS 16, using the modfified retrospective approach on 1 January 2019 without any adjustment to the Company's opening 1 January 2019 reserves and, as permitted by IFRS 16, did not restate its comparative financial results. Accordingly, the Company's previously reported financial results up to 31 December 2018 are presented in accordance with the requirements of IAS 17 and for 2019, and future reporting periods, are presented in terms of IFRS 16.

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Practical expedients applied:

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

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases provided there was no option to extend the term
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Company leases activities and how these are accounted for:

The Company leases various offices. Rental contracts are typically made for fixed average periods of between 3 - 10 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

From 1 January 2019, all existing operating leases, which were either not less than 12 months or not deemed a low value asset, were recognised as a right-of-use asset and a corresponding lease liability.

Extension and termination options:

Extension and termination options are included in a number of building leases. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term when there is reasonable certainty that the option to extend or terminate will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

IFRS 16 key financial impacts

The single lessee accounting model has no impact on the Company's financials.

Notes to the financial statements

IFRS 16 Leases (continues)

Effect of IFRS 16 transition on the consolidated statement of financial position

Statement of financial position line items affected	Company IFRS 16 at 1 January 2019	Previously reported under IAS 17 31 December 2018	IFRS 16 transition adjustment at 1 January 2019	Note
	₦'000	₦'000	₦'000	
Assets				
Cash and cash equivalents	303,369	303,369		
Investment securities - Fair value through Other Comprehensive Income	490,618	490,618		
Trade and other receivables	36,995	36,995		
Other assets	7,223	51,803	(44,580)	(a)
Right Of Use Assets	44,580	-	44,580	(b)
Property and equipment	13,606	13,606	-	
Deferred tax assets	16,848	16,848	-	
Total assets	**913,239**	**913,239**	**-**	

Statement of financial position line items affected	IFRS restated	IFRS previously reported	Transitional adjustment
	₦'000	₦'000	₦'000
Liabilities			
Trade and other payables	447,669	447,669	-
Employee benefit accruals	64,129	64,129	
Amounts due to group companies	48,284	48,284	
Other liabilities	83,234	83,234	-
Total liabilities	**643,316**	**643,316**	**-**
Equity			-
Share capital	20,000	20,000	-
Reserves	249,923	249,923	-
Total liabilities	**269,923**	**269,923**	**-**
Total equity and liabilities	**913,239**	**913,239**	**-**

Note

(a) The transition adjustment relating to Other Assets represents amount of prepaid lease previously captured under Other Assets.

(b) Right of Use Assets are the initial measurement of the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

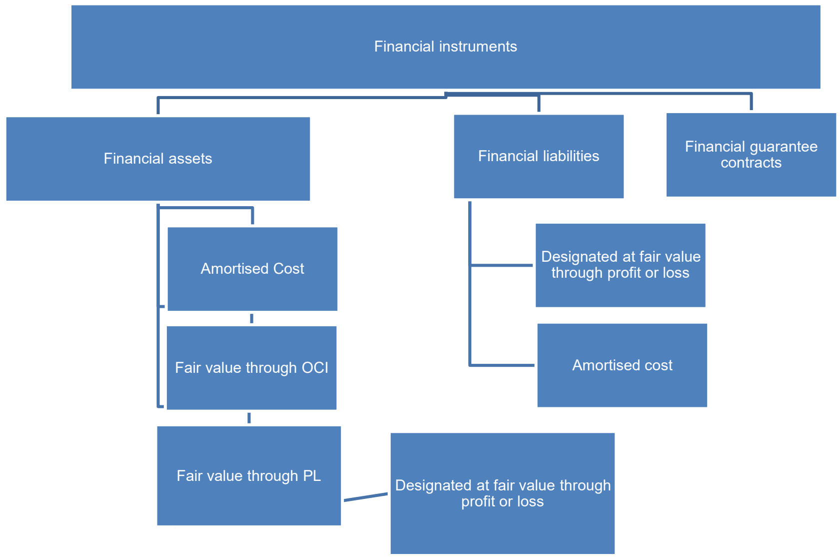
Accounting policies (cont'd)

6. Statement of significant accounting policies

Except for the changes explained in note v, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Financial instruments

The relevant financial instruments are financial assets classified at amortised cost, fair value through OCI or fair value through P/L and other financial liabilities at amortised cost.



Recognition and initial measurement – financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the Company commits to purchase (sell) the instruments (trade date accounting).

Financial assets

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): • held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and • The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	Includes: • A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): — held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and — The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default. • Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held for trading	Those financial assets acquired principally for the purpose of selling in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial assets are managed and their performance evaluated and reported on a fair value basis - where the financial asset contains one or more embedded derivatives that significantly modify the financial asset's cash flows.
Fair value through profit or loss default	Financial assets that are not classified into one of the above-mentioned financial asset categories.

Accounting policies (cont'd)

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Interest income on debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss. Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income. Dividends received on equity instruments are recognised in other revenue within non-interest income.
Held-for-trading	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss default	Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Impairment

Expected credit losses (ECL) are recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

Financial liabilities

Nature

Held for trading	Those financial liabilities incurred principally for the purpose of re-purchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: - to eliminate or significantly reduce an accounting mismatch that would otherwise arise - where the financial liabilities are managed and their performance evaluated and reported on a fair value basis - where the financial liability contains one or more embedded derivatives that significantly modify the financial asset's cash flows.
At amortised cost	All other financial liabilities not included the above categories.

Accounting policies (cont'd)

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value) (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in interest expense.
Amortised cost	Amortised cost using the effective interest method with interest recognised in interest expense.

Derecognition of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

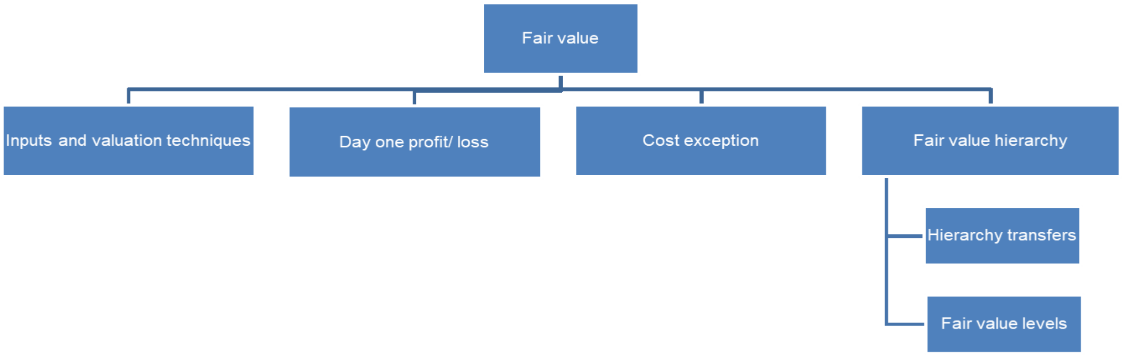
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Company has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. From 1 January 2018 any cummulative gain/loss recognised in OCI in respect of equity investment securities designated at FVTOCI is not recognised in profit or loss on derecognition of such securities.
Financial liabilities	Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.

Modification of financial assets and liabilities

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the Company recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

Fair value



In terms of IFRS, the Company is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value 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 between market participants at the measurement date under current market conditions. Fair value is a market based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Accounting policies (cont'd)

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimises the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.
Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market related discount rate at the reporting date for an asset or liability with similar terms and conditions.
If an asset or a liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument, or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument, or determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed.

Fair value hierarchy

The Company's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1	Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2	Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3	Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period during which the change occurred.

Accounting policies (cont'd)

b) Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at spot exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of financial position and statement of cash flows consist of cash on hand, balances with banks and other short-term, highly liquid, investments that are convertible to a known amount of cash with original maturities of three months or less from the acquisition date and which are subject to insignificant risk of changes in value and are assessed to be used or available for settlement of short term liabilities. In the statement of financial position, bank overdrafts are included in current liabilities. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

d) Property and equipment

Equipment, furniture, vehicles and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Costs that are subsequently incurred are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Company and the cost of the item can be measured reliably. Expenditure which does not meet these criteria is recognised in profit or loss as incurred. Depreciation, impairment losses and gains and losses on disposal of assets are included in profit or loss.

Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets to their residual values. Land is not depreciated. Leasehold buildings are depreciated over the shorter of expected useful life or lease period.

The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.

The estimated useful lives of tangible assets are typically as follows:
Computer equipment – 3 to 5 years
Motor vehicles – 4 years
Office equipment – 6 years
Furniture and fittings – 4 years

There has been no change to the estimated useful lives from those applied in the previous financial year.

Accounting policies (cont'd)

e) Impairment of non-financial assets

Non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss 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. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated on a pro rata basis to reduce the carrying value of the assets of the unit.

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

f) Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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. Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is highly likely that economic benefits will flow to the Company, but 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 liabilities include certain guarantees, other than financial guarantees, and letters of credit pledged as collateral security. Contingent liabilities are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless they are remote.

g) Employee benefits

Post-employment benefits

Defined contribution plan

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 10% by the employer.

The Company's contribution to this scheme is charged to the profit and loss account in the period to which they relate. Contributions to the scheme are managed by pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act, 2014.

Short term employee benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Company recognises a liability and an expense for bonuses. A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave 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. The final bonus is subject to staff being in the employ of the Company on the date of payment.

Accounting policies (cont'd)

h) Tax

Income tax

Income tax includes current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:

• the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

Information technology levy

This represents 1% of profit before tax in accordance with the provisions of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007

Education tax

This represents 2% of assessable profit in accordance with the provision of the Tertiary Education Trust Fund (establishment, etc) Act, 2011.

Minimum tax

Nigerian tax laws mandates a minimum tax assessment for companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Minimum tax is computed as 0.5% of turnover of the company.

Non-income tax

Non-income taxes, including non-recoverable value added tax (VAT) and other duties, are recognised in the income statement.

i) Equity

Share issue costs

Incremental external costs directly attributable to a transaction that increases or decreases equity are deducted from equity, net of related tax. All other share issue costs are expensed.

Distributions on ordinary shares

Distributions are recognised in equity in the period in which they are declared. Distributions declared after the reporting date is disclosed in the notes to the financial statements.

Accounting policies (cont'd)

j) Revenue and expenditure

Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable.

Brokerage Commission

Brokerage Commission represents the invoiced value of brokerage services rendered based on agreements with insurance companies, and becomes receivable once the insurance policies are concluded between the insurance company and the policy holder. Income is recognised, net of VAT, as they become earned based on the tenure of underlying insurance policies.

Investment income

Investment income comprises realised and unrealised gains on investments, interest income and dividend income.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income is recognised when the right to receive payment is established.

Expenditure

Expenses are recognised in profit or loss as they are incurred unless they create an asset from which future economic benefits will flow to the Company. An expected loss on a contract is recognised immediately in profit or loss.

Statement of financial position
as at 31 December

	Note	2019 ₦'000	2018 ₦'000
ASSETS			
Cash and cash equivalents	2	**3,910**	303,369
Investment securities - Fair value through Other Comprehensive Income	4	**798,652**	490,618
Trade and other receivables	5	**48,119**	36,995
Prepayments	6	**8,727**	51,803
Property and equipment	3 (b	**27,142**	13,606
Right of Use Asset	3 (c)	**22,549**	-
Deferred tax assets	17 (c)	**17,041**	16,848
Total assets		**926,140**	913,239
LIABILITIES AND EQUITY			
Liabilities			
Trade and other payables	7	**237,970**	447,669
Amounts due to group companies	8	**71,388**	48,284
Employee benefit accruals	10	**71,634**	64,129
Current tax liabilities	17 (b)	**128,528**	83,234
Total liabilities		**509,520**	643,316
Equity			
Share capital	9 (a)	**20,000**	20,000
Reserves		**396,620**	249,923
Total equity		**416,620**	269,923
Total liabilities and equity		**926,140**	913,239

These financial statements were approved by the Board of Directors on 29 April 2020 and signed on its behalf by:

Anselem Igbo
Chief Executive
(FRC/2016/CIIN/00000014749)

Eric Fajemisin
Director
(FRC/2013/ICAN/00000001083)

Additionally certified by:

Ayebatonye Gbadebo
Chief Financial Officer
(FRC/2018/ICAN/00000017752)

'The accounting policies and accompanying notes form an integral part of these financial statements'

Statement of profit or loss and other comprehensive income
for the year ended 31 December

	Note	2019 ₦'000	2018 ₦'000
Revenue		**969,405**	647,203
Brokerage Commission	11	**870,343**	575,316
Investment income	12	**99,265**	65,652
Other income	13 (a)	**43**	253
Unrealised Exchange gain/loss	13 (b)	**(246)**	5,982
Income before credit impairment charges		**969,405**	647,203
Impairment charges on financial assets	14	**(190)**	(129)
Income after credit impairment charges		**969,215**	647,074
Expenses		**(539,475)**	**(394,464)**
Staff costs	15	**(281,282)**	(227,436)
Depreciation	16 (a)	**(9,494)**	(3,692)
Amortisation of right of use assets	16 (b)	**(22,031)**	-
Other operating expenses	16 (c)	**(226,668)**	(163,336)
Profit before tax		**429,741**	252,610
Tax expense	17 (a)	**(132,851)**	(69,298)
Profit after tax		**296,890**	183,312
Other Comprehensive Income - Items that are or may be reclassified to profit or loss Account			
Financial assets - net change in fair value		**5,623**	129
Total comprehensive income for the year		**302,513**	183,441

'The accounting policies and accompanying notes form an integral part of these financial statements'

Statement of changes in equity
for the year ended 31 December

	Share capital	Reserves		Total reserves	Total
		Retained earnings	Fair value through OCI reserve		
	₦'000	₦'000	₦'000	₦'000	₦'000
Balance as at 1 January 2019	20,000	249,581	342	249,923	269,923
Total comprehensive income for the year:					
Profit for the year	-	**296,890**		**296,890**	**296,890**
Other comprehensive income, net of tax	-		**5,623**	**5,622**	**5,622**
Transaction with Owners of the Company:					
Dividend paid	-	**(155,815)**	-	**(155,815)**	**(155,815)**
Balance as at 31 December 2019	**20,000**	**390,656**	**5,965**	**396,620**	**416,620**
Balance as at 1 January 2018	20,000	55,131	186	55,317	75,317
Impact of adopting IFRS 9	-	(27)	27	-	-
Balance as at 01 January 2018 (restated)	20,000	55,104	213	55,317	75,317
Total comprehensive income for the year:					
Profit for the year	-	183,312		183,312	183,312
Other comprehensive income, net of tax	-		129	129	129
Transaction with Owners of the Company:					
Dividend returned	-	11,165	-	11,165	11,165
Balance as at 31 December 2018	20,000	249,581	342	249,923	269,923

'The accounting policies and accompanying notes form an integral part of these financial statements'

Statement of cash flows
for the year ended 31 December

	Note	2019 ₦'000	2018 ₦'000
Net cash flow from operating activities		**166,716**	561,211
Cash flows from operations		**358,434**	218,879
Profit before tax		**429,741**	252,610
Profit after tax		**296,890**	183,312
Add: Tax expense	17 (a)	**132,851**	69,298
Adjusted for:		**(62,160)**	(61,999)
Depreciation	16 (a)	**9,494**	3,692
Amortisation of right of use assets	16 (b)	**22,031**	-
Interest income	12	**(99,265)**	(65,652)
Gain on disposal of property and equipment	13	**(43)**	(168)
Net changes in FVTOCI reserve	14	**5,623**	129
Interest received	20.3	**78,603**	68,743
Company Income Tax paid	17 (b)	**(87,750)**	(40,475)
Changes in working capital			
Changes in Trade and other receivables	20.1	**(12,628)**	29,098
Changes in Trade and other payables	20.1	**(179,090)**	313,235
Net cash flow used in investing activities		**(310,360)**	(437,433)
Purchase of property and equipment	3	**(23,047)**	(9,107)
Proceeds from/ (purchase of) investments	20.2	**(287,356)**	(428,557)
Proceeds from sale of property and equipment		**43**	**231**
Net cash flow from financing activities		**(155,815)**	11,165
Dividend (paid)/ (used)		**(155,815)**	11,165
Increase /(decrease) in cash and cash equivalents		**(299,459)**	134,944
Cash and cash equivalents at beginning of year		**303,369**	168,425
Cash and cash equivalents at end of year	2	**3,910**	303,369

'The accounting policies and accompanying notes form an integral part of these financial statements'

1 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Liquidity risk
- Credit risk

1.1 Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1.1.1 Interest rate risk

This is the risk that the market value of a financial instrument will fluctuate due to changes in market interest rates. It is also the risk that result from the inability to reinvest cashflows and maturing investments at rates similar to the matured investments.

As at year-end, the Company was exposed to interest rate risk primarily because of the exposures presented below:

	Note	Carrying value	Exposed to cash flow Interest rate risk
		₦'000	**₦'000**
31-Dec-19			
Cash and cash equivalents	2	**3,910**	**-**
Investment securities	4	**798,652**	**798,652**
Total		**802,562**	**798,652**
31-Dec-18			
Cash and cash equivalents	2	303,369	-
Investment securities	4	490,618	490,618
Total		793,987	490,618

1.1.2 Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk). The investments held by the Company are subject to normal market fluctuations and the risks inherent in investment in financial markets. The fair value of investment securities held by the Company as at 31 December 2019 was ₦794 million (2018: ₦491 million).

The Finance Department is responsible for the Company's investment portfolio. The department ensures strict adherence to the Company's investment policy and works in conjunction with the investment management and risk departments to manage this exposure by analysing current market realities for appropriate decisions by the management.

Valuation of the Company's Investments held at Fair Value through Other Comprehensive Income (FVTOCI)

Description	**Maturity Value**	**Marked to Market Value**	**Fair Value Gain/(Loss)**
	₦'000	**₦'000**	**₦'000**
Treasury bills	538,592	544,020	5,428
Investment in Mutual Funds	254,632	254,632	-
Total	**793,224**	798,652	**5,428**

1.2 Liquidity risk

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

Exposure to liquidity risk

The following are the residual contractual maturities of financial assets and liabilities at the reporting date. The amounts are gross and undiscounted.

31-Dec-19	Note	Carrying amount ₦'000	Gross nominal inflow/(outflow) ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	Over 1 year ₦'000
ASSETS							
Cash and cash equivalents	2	**3,910**	**3,910**	3,910	-	-	-
Trade and other receivables	5	**48,119**	**48,119**	48,119	-	-	-
Investment securities	4	**798,652**	**798,652**	798,652	-	-	-
		850,681	**850,681**	**850,681**	**-**	**-**	**-**
LIABILITIES							
Trade and other payables (Less unearned income, WHT and VAT payables)	7	**(52,504)**	**(52,504)**	-	(52,504)	-	-
Amount due to group companies	8	**(71,388)**	**(71,388)**	-	(71,388)	-	-
		(123,892)	**(123,892)**	**-**	**(123,892)**	**-**	**-**

31-Dec-18	Note	Carrying amount ₦'000	Gross nominal inflow/(outflow) ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	Over 1 year ₦'000
ASSETS							
Cash and cash equivalents	2	303,369	303,369	303,369	-	-	-
Trade and other receivables	5	36,995	36,995	36,995	-	-	-
Investment securities	4	490,618	490,618	490,618	-	-	-
		830,982	830,982	830,982	-	-	-
LIABILITIES							
Trade and other payables (Less unearned income, WHT and VAT payables)	7	(19,230)	(19,230)	-	(19,230)	-	-
Amount due to group companies	8	(48,284)	(48,284)	-	(48,284)	-	-
		(67,514)	(67,514)	-	(67,514)	-	-

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to the Company's financial assets and liabilities. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

1.3 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company resulting in a financial loss to the Company. The Company is subject to credit risk from its holdings in bank, money market placements and short term notes. The Company limits this exposure to credit loss by placing money with banks and investing in securities with high credit quality and by diversifying among a number of eligible issuers. In addition, counterparty risk is minimized for fixed income securities because the exchange of cash and securities are made simultaneously.

Exposure to credit risk

The carrying amount of financial asset represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

Analysis of credit risk exposure:

	Note	31-Dec-19	31-Dec-18
		₦'000	₦'000
Cash and cash equivalents (less Cash in hand)	2	**3,910**	-
Investment securities*	4	**544,020**	-
Trade and other receivables (less WHT recoverable)	5	**1,331**	22,172
		549,261	22,172

*The Company's investments in mutual funds have been excluded from investment securities above as they pose only an indirect credit risk to the Company.

1.4 Sensitivities

Management applies a number of sensitivity tests to the earnings of the Company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax and on equity following "reasonable possible" changes in each of the market risks to which the Company is exposed. The following market risk may however, impact the investment income of the Company:

• Interest rate risk (see analysis below)

A change in interest rate of money market investments results in a change in the yield on treasury bills. As at 31 December 2019, the Company has no treasury bill investments.

The table below also shows the impact on the Company's profit or loss if interest rates on financial assets had been increased or decreased by 100 basis points, with all other variables remaining constant:

	Note	31-Dec-19	31-Dec-18
		₦'000	₦'000
Cash and cash equivalents	2	**3,910**	-
Investment securities	4	**798,652**	490,618
		802,562	490,618
Increase in interest rate by 100 basis point (+1%)		**8,026**	4,906
Increase in interest rate by 100 basis point (-1%)		**(8,026)**	(4,906)

It should be noted that the sensitivity analysis for government securities has no tax impact.

1.5 Fair value of financial assets and financial liabilities

The table below sets out the carrying amounts and fair values of the Company’s financial assets and financial liabilities as at:

31-Dec-19	**Note**	**Total**	**Financial assets at fair value through OCI**	**Amortized cost (assets)**	**Amortized cost (liabilities)**	**Fair value**
		₦’000	**₦’000**		**₦’000**	**₦’000**
Cash and cash equivalents	2	**3,910**	-	3,910	**-**	**-**
Investment securities	4	**798,652**	798,652	**-**	**-**	**-**
Trade and other receivables (less WHT recoverable)	5	**1,331**	-	1,331	**-**	**-**
Total financial assets		**803,893**	**798,652**	**5,241**	**-**	**-**

	Note	**Total**	**Financial assets at fair value through OCI**	**Amortized cost (assets)**	**Amortized cost (liabilities)**	**Fair value**
		₦’000	**₦’000**		**₦’000**	**₦’000**
Trade and other payables (Less unearned income, WHT and VAT payable)	7	**52,504**	**-**	**-**	**52,504**	**52,504**
Amounts due to group companies	8	**71,388**	-	-	**71,388**	**71,388**
Total financial liabilities		**123,892**	**-**	**-**	**123,892**	**123,892**

31-Dec-18	Note	Total	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
		₦’000	₦’000		₦’000	₦’000
Cash and cash equivalents	2	303,369	-	303,369	-	-
Investment securities	4	490,618	490,618	-	-	-
Trade and other receivables (less WHT recoverable)	5	22,172	-	22,172	-	-
Total financial assets		816,159	490,618	325,541	-	-

	Total	Note	Financial assets at fair value through OCI	Amortized cost (assets)	Amortized cost (liabilities)	Fair value
			₦’000	₦’000	₦’000	₦’000
Trade and other payables (Less unearned income, WHT and VAT payable)	7	19,230	-	-	19,230	19,230
Amounts due to group companies	8	48,284	-	-	48,284	48,284
Total financial liabilities		67,514	-	-	67,514	67,514

Fair valuation mehods and assumptions

The fair values of financial instruments such as cash and cash equivalents, Trade and other receivables and Trade and other payables are not materially sensitive to shifts in market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities as at reporting date approximate their fair values.

1.6 Foreign exchange risk

Foreign exchange risk is the exposure of the Company's financial condition to adverse movements in exchange rates. The Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fee income or expense of the Company denominated in currencies other than the Naira.

Exposure to foreign exchange risk

The following are the residual contractual maturities of financial assets at the reporting date. The amounts are gross and undiscounted.

31-Dec-19	**Note**	**Carrying amount ₦'000**	**Gross nominal inflow/(outflow) ₦'000**	**Less than 3 months ₦'000**
ASSETS				
Cash and cash equivalents	2	**1,836**	**1,836**	**1,836**
Trade and other receivables	**5**	**48**	**48**	**48**
		1,884	**1,884**	**1,884**

31-Dec-18	Note	Carrying amount ₦'000	Gross nominal inflow/(outflow) ₦'000	Less than 3 months ₦'000
ASSETS				
Cash and cash equivalents	2	30,524	30,524	30,524
Trade and other receivables	5	749	749	749
		31,273	31,273	31,273

	31-Dec-19 ₦'000	**31-Dec-18 ₦'000**
2. Cash and cash equivalents		
Cash at bank	3,910	303,369
Short term deposits	-	-
Total	**3,910**	303,369

Cash and cash equivalents are held in financial instruments of not more than three months tenor.

3. Property and Equipment

Summary	**31-Dec-19**			31-Dec-18		
	Cost ₦'000	**Accumulated depreciation ₦'000**	**Carrying cost ₦'000**	Cost ₦'000	Accumulated depreciation ₦'000	Carrying cost ₦'000
- Computer equipment	**30,116**	**(8,730)**	**21,386**	11,132	(3,516)	7,616
- Office equipment	**1,609**	**(159)**	**1,450**	150	(20)	130
- Motor vehicles	**7,747**	**(5,084)**	**2,663**	7,747	(3,341)	4,406
- Furniture and fittings	**2,873**	**(1,229)**	**1,644**	1,613	(159)	1,454
Total	**42,345**	**(15,202)**	**27,142**	20,642	(7,036)	13,606

Movement 2019	**31-Dec-18**				**31-Dec-19**
	Carrying cost ₦'000	**Additions** ₦'000	**Disposals net of accumulated depreciation** ₦'000	**Depreciation** ₦'000	**Carrying cost** ₦'000
- Computer equipment	**7,616**	**20,328**	**(16)**	**(6,542)**	**21,386**
- Office equipment	**130**	**1,459**	**-**	**(139)**	**1,450**
- Motor vehicles	**4,406**	**-**	**-**	**(1,743)**	**2,663**
- Furniture and fittings	**1,454**	**1,260**	**-**	**(1,070)**	**1,644**
Total	**13,606**	**23,047**	**(16)**	**(9,494)**	**27,143**

3 (b)

Movement 2018	31-Dec-17				31-Dec-18
	Carrying cost	Additions	Disposals net of accumulated depreciation	Depreciation	Carrying cost
	₦'000	₦'000	₦'000	₦'000	₦'000
- Computer equipment	1,926	7,547	(63)	(1,794)	7,616
- Motor vehicles	6,149	-	-	(1,743)	4,406
- Furniture and fittings	179	1,410	-	(135)	1,454
- Office equipment	-	150	-	(20)	130
Total	8,254	9,107	(63)	(3,692)	13,606

3 (c). Right of Use Asset

	ROU Building Leases	**Total**
	₦'000	**₦'000**
(i) Cost		
Balance at 1 January 2019 - Transition Adjustment	**44,580**	**44,580**
Additions	**-**	**-**
Disposals/ expensed	**-**	**-**
Impairments	**-**	**-**
Transfers/ reclassifications	**-**	**-**
Balance at 31 December 2019	**44,580**	**44,580**
(ii) Accumulated depreciation		
Balance at 1 January 2019	**-**	**-**
Charge for the period	**(22,031)**	**(22,031)**
Disposals	**-**	**-**
Expense/ write-off	**-**	**-**
Balance at 31 December 2019	**(22,031)**	**(22,031)**
Net book value:		
31 December 2019	**22,549**	**22,549**

The Company has, as permitted by IFRS 16, elected not to restate its comparative financial statements. Therefore, comparability will not be achieved by the fact that the comparative financial information has been prepared on an IAS 17 basis. Refer to note 5(i) for more detail on the adoption of IFRS 16.

4. Investment securities

	31-Dec-19	31-Dec-18
	₦'000	₦'000
Fair Value through Other Comprehensive Income (FVTOCI)	**798,652**	490,618
Total	**798,652**	490,618

Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets represent investments in treasury bills and mutual funds measured at fair value through Other Comprehensive Income (OCI). The unrealised gain or loss on the fair value changes are recognised in the fair value through other comprehensive income (FVTOCI) reserves in equity until the financial assets are derecognised or impaired.

An analysis of financial assets at fair value through OCI is as shown below:

	31-Dec-19	31-Dec-18
	₦'000	₦'000
10.40% FGN Treasury Bills Jan 2020	**229,422**	-
11.55% FGN Treasury Bills Apr 2020	**314,598**	-
Investment in Mutual Funds (see (a) below)	**254,632**	490,618
	798,652	490,618

	31-Dec-19	31-Dec-18
a) Investment in Mutual Funds	**₦'000**	₦'000
Stanbic IBTC Absolute Return Portfolio	**84,722**	74,385
Stanbic IBTC Money Market Fund	**169,910**	416,233
	254,632	490,618

	31-Dec-19	31-Dec-18
	₦'000	₦'000
Maturity analysis		
The maturities represent periods to redemption of the financial assets:		
Less than 1 year (Current)	**254,632**	490,618
Total	**254,632**	490,618

Fair value hierarchy

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

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

	Level 1	**Level 2**	**Level 3**
	₦'000	**₦'000**	₦'000
31-Dec-19			
Financial assets at fair value through OCI	**544,020**	**254,632**	-
Total	**544,020**	**254,632**	-
31-Dec-18			
Financial assets at fair value through OCI	-	490,618	-
Total	-	490,618	-

	31-Dec-19	31-Dec-18
	₦'000	₦'000

5. Trade and other receivables

Amounts receivable due to services provided	**1,331**	22,172
WHT recoverable	**46,788**	14,823
Total	**48,119**	36,995

The directors consider the carrying amount of Trade and other receivables to approximate their fair value. Trade and other receivables were not considered to be impaired at the end of the reporting period. The ageing of Trade and other receivables at the reporting date was:

	31-Dec-19	31-Dec-18
	₦'000	₦'000
Not past due	**4,872**	17,238
Past due 0-30 days	**2,366**	12,294
Past due 31-365 days	**25,952**	4,461
Above 365 days^	**14,794**	3,002
Total	**47,985**	36,995
Current	**33,191**	33,993
Non-current^	**14,794**	3,002
Total	**47,985**	36,995

^ This relates to Withholding Tax recoverable, for which credit notes have been recovered subsequent to the reporting date.

6. Prepayments

Prepaid lease*	**-**	44,580
Other prepayments	**7,687**	4,049
Prepaid staff benefits**	**1,040**	3,174
Total	**8,727**	51,803

*Amount represents the unamortised balance of rent on the Company's principal place of business, Lagos and two other locations - Abuja and Port-Harcourt ofices.

**The underlying assets of the prepaid staff benefits are status vehicles acquired for managerial staff which are being amortised by the Company on a monthly basis. The make-up of this balance is as follows:

	31-Dec-19	31-Dec-18
	₦'000	₦'000
Cost of vehicles	**9,173**	15,467
Amortization	**(8,133)**	(12,293)
Net recoverable amount	**1,040**	3,174

Notes to the financial statements

	31-Dec-19	31-Dec-18
	₦'000	₦'000
7. Trade and other payables		
Other payable	**7,982**	5,514
Accruals and provisions	**44,522**	13,716
Unearned income*	**180,266**	424,763
Withholding tax payable	**406**	495
Value Added tax payable	**4,794**	3,181
Total	**237,970**	447,669
Current	**57,704**	356,204
Non-current	**180,266**	91,465
Total	**237,970**	447,669

The directors consider the carrying amount of Trade and other payables to approximate their fair values.

*Amount represents brokerage commission yet to be earned due to the tenure of underlying insurance policies as at 31 December 2019.

8. Amounts due to group companies	**31-Dec-19**	31-Dec-18
	₦'000	₦'000
Stanbic IBTC Asset Management Limited	**29,193**	13,924
Stanbic IBTC Holdings PLC	**42,196**	25,101
Stanbic IBTC Pension Managers Limited	**-**	9,167
Stanbic IBTC Trustees Limited	**-**	75
Stanbic IBTC Bank PLC	**-**	17
	71,388	48,285
Current	**71,388**	48,284
Non-current	**-**	-
Total	**71,388**	48,284

The amounts due to group companies were management fees of 5% of Profit before Tax (PBT) as agreed and documented with Stanbic IBTC Asset Management Limited.

The Directors consider the carrying value of amounts due to group companies to approximate their fair values.

9. Share capital and reserves	**31-Dec-19**	31-Dec-18
	₦'000	₦'000
9 (a). Share capital		
Balance at 1 January	**20,000**	20,000
Balance at 31 December	**20,000**	20,000

9 (b). Fair value through other comprehensive income (FVOCI) reserves

Unrealised gains or losses arising from changes in financial assets at fair value through OCI are recognised in the FVOCI reserve until the financial assets are derecognised or impaired.

10. Retirement benefit obligations

The amount contributed by the Company and remitted to the Retirement Savings Accounts of employees during the year was ₦7.35 million (2018: ₦6.29 million (see note 15)). There were no outstanding obligations as at year end.

The Company's contribution to this scheme is recognized in profit or loss in the period to which they relate. Contributions to the scheme are managed by appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act. Consequently, the Company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

Notes to the financial statements

Employee benefit accruals	**31-Dec-19** **₦'000**	31-Dec-18 ₦'000
Accrued leave pay (see (a) below)	**396**	225
Staff incentive scheme (see (b) below)	**71,238**	63,517
Deferred bonus scheme (see (c) below)	**-**	387
Employee benefit accruals	**71,634**	64,129

(b) Staff incentive scheme

The Company operates a staff incentive scheme whereby eligible employees receive an annual bonus, payable at the discretion of management. The incentive bonus is related to employee and Company performance. It is accrued each month and the payment is approved by the Board. The movement in staff incentive scheme accrual was as follows:

Staff incentive scheme	**31-Dec-19** **₦'000**	31-Dec-18 ₦'000
At the beginning of the year	**63,517**	50,808
Additional accrual in the year (see note 15)	**67,737**	62,242
Payment during the year	**(60,016)**	(49,533)
At end of year	**71,238**	63,517

(c) Deferred bonus scheme

It is essential for the Group to retain key skills over the longer term. This is done particularly through share-based incentive plans. The purpose of these plans is to align the interests of the Group, its subsidiaries and employees, as well as to attract and retain skilled, competent people.

The Group implemented this scheme to defer a portion of incentive bonuses over a minimum threshold for key management and executives. This improves the alignment of shareholder and management interests by creating a closer linkage between risk and reward, and also facilitates retention of key employees.

All employees, who are awarded short-term incentives over a certain threshold, are subject to a mandatory deferral of a percentage of their cash incentive into the deferred bonus scheme (DBS). The award is indexed to the group's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award, conditional on continued employment at that time. The final payment of the deferred bonus is calculated with reference to the Standard Bank Group share price at payment date. Variables on thresholds and additional increments in the DBS are subject to annual review, and may differ from one performance year to the next.

The provision under the scheme was nil as at 31 December 2019 (2018: ₦0.39 million).

	31-Dec-19 **₦'000**	31-Dec-18 ₦'000
At the beginning of the year	**387**	-
Additional accrual in the year	**26**	387
Payment during the year	**(413)**	-
At end of year	**-**	387

Notes to the financial statements

	31-Dec-19	31-Dec-18
	₦'000	₦'000
11. Brokerage Commission		
Brokerage fees	**870,343**	575,316
	870,343	575,316
11a. Opening VAT payable/ (recoverable)	**3,181**	(3,995)
VAT on Brokerage fees @ 5%	**43,517**	28,766
VAT remitted during the year	**(41,904)**	(21,590)
Closing VAT payable/ (recoverable) (see note 7)	**4,794**	3,181
12. Investment income		
Interest income on investment securities	**95,048**	64,351
Interest income on cash and cash equivalents	**4,217**	1,301
	99,265	65,652
13 (a). Other income		
Sundry income	**-**	85
Gain on disposal of property and equipment	**43**	168
	43	**253**
13 (b). Unrealised FX gain**	**(246)**	5,982

**Unrealised FX gain relates to revaluation gain/loss on foreign exchange denominated transactions.

	31-Dec-19	31-Dec-18
14. Impairment losses on financial assets		
Impairment charges – Treasury bills	**(24)**	-
Impairment charges – Mutual fund investments	**(166)**	(129)
	(190)	(129)
15. Staff costs		
Salaries	**164,486**	115,501
Executive compensation*	**41,100**	40,990
Provision for staff incentive scheme (see note 10b)	**67,737**	62,242
Contributions to retirement benefit costs (see note 10)	**7,351**	6,294
Share based payments expense (see note 10c)	**26**	**387**
Addition to provision for leave pay (see note 10a)	**582**	2,022
Total	**281,282**	227,436
*The highest paid director	**41,100**	40,990
Average number of people employed	**17**	18

The number of employees of the Company (excluding executive directors) who received emoluments in the following ranges was:

	31-Dec-19	31-Dec-18
Below ₦2,000,000	0	0
₦2,000,000 – ₦3,000,000	1	3
₦3,000,000 – ₦4,000,000	4	4
₦4,000,000 – ₦5,000,000	0	0
₦5,000,000 – ₦6,000,000	5	5
₦6,000,000 – ₦7,000,000	0	0
₦7,000,000 – ₦8,000,000	3	1
₦8,000,000 – ₦9,000,000	0	1
₦9,000,000 and above	4	4
	17	18

Notes to the financial statements

	31-Dec-19 ₦'000	31-Dec-18 ₦'000
16 (a). Depreciation	**9,494**	3,692
- Computer equipment	**6,542**	1,794
- Motor vehicles	**1,743**	1,743
- Furniture and fittings	**1,070**	135
- Office Equipment	**139**	20
16 (b). Amortisation of right of use assets	**22,031**	-
- Right of use assets (see note (iii) below)	**22,031**	-
16 (c). Other operating expenses	**226,668**	163,336
Professional fees	**4,367**	3,718
Audit Fees	**5,300**	5,000
Non-Executive Directors' emoluments	**5,760**	600
Management fees to Stanbic IBTC Holdings PLC (see note 19)	**25,395**	14,697
Management fees to Stanbic IBTC Asset Management Limited (see note 19)	**23,198**	14,695
Rent	**980**	24,672
Information technology (see note (i) below)	**27,372**	9,693
Marketing	**53,653**	18,931
Maintenance / utilities	**22,899**	17,904
Entertainment / refreshment	**3,558**	1,557
Travels / taxi fare	**4,885**	3,785
Training	**18,909**	16,652
Stationeries / newspaper	**3,033**	2,720
Motor vehicle expenses	**2,035**	2,507
Insurance	**5,675**	9,566
Bank charges	**1,651**	13
Subscription fees	**9,034**	4,604
Sundry expenses (see note (ii) below)	**8,964**	12,022

(i) Information technology expenses represents cost of data line expenses, computer consumables, software maintenance as well as technical sub-contractor's cost.

(ii) Sundry expenses comprise of reimbursable expenses incurred by Stanbic IBTC Holdings Plc on behalf of the Company and operational losses.

(iii) The Company having adopted the modified approach to IFRS 16 elected not to restate its comparative financial statements.

Notes to the financial statements

	31-Dec-19	31-Dec-18
	₦'000	₦'000
17. Tax		
a. Tax expense		
Company Income tax	**116,087**	75,450
Education tax	**8,171**	5,233
Police Trust Fund tax	**15**	-
National Information Technology Development Agency (NITDA) levy	**4,255**	2,551
Current tax charge	**128,528**	83,234
Prior years' under/ (over) provision	**4,516**	(10,321)
Deferred tax credit	**(193)**	(3,615)
Net charge for the year	**132,851**	69,298
b. Current tax liabilities		
At 1 January	**83,234**	50,796
Charge for the year	**128,528**	83,234
Prior years' under/ (over) provision	**4,516**	(10,321)
WHT offset	**(4,301)**	-
Tax paid	**(83,449)**	(40,475)
At 31 December	128,528	83,234
c. Deferred tax assets, net		
Assets at the beginning of year	**(16,848)**	(13,233)
Tax credit for the year	**(193)**	(3,615)
Net deferred tax assets at the end of year	**(17,041)**	(16,848)
Deferred tax is attributed to:		
Property and equipment	4,415	2,370
Employee benefits	(21,371)	(19,218)
Financial/ Credit impairment	(85)	-
Net deferred tax assets at the end of year	(17,041)	(16,848)

Deferred tax assets will be recovered from future taxable profits of the Company.

d. Effective tax rate reconciliation

	31-Dec-19		31-Dec-18	
	₦'000	**%**	₦'000	%
Profit before tax	429,741		252,610	
Tax using standard rate	**128,922**	**30**	75,783	30
Non-taxable income	**(28,514)**	**(7)**	(4,938)	(2)
Education tax	**8,171**	**2**	5,233	2
Police Trust Fund tax	**15**			
National Information Technology Development Agency (NITDA) levy	**4,255**	**1**	2,551	1
Prior years' (under)/over provision	**4,516**	**1**	(10,321)	(4)
Non-allowable expenses	**15,486**	**4**	990	0
Effective tax charge	**132,851**	**31**	69,298	27

18. Contingent liabilities

(a) Claims and Litigations

There was no claim and litigation as at 31 December 2019 (2018: nil).

(b) Contingencies

There was no contingent liability as at 31 December 2019 (2018: nil).

19. Related party transactions

Transactions with related parties are summarised below.

Transactions with key management personnel
Key management is defined as members of the Board.

Where executive directors and non-executive directors have assets managed by Stanbic IBTC Insurance Brokers Limited, these investments are made on the same terms and conditions as is available to any client.

Directors' remuneration for the period is disclosed under note 15 and 16 to the financial statements.

Transactions with other entities in the Stanbic IBTC Group
During the year, the Company entered into the following transactions with related parties.

	Income		**Expenses**		**Balances owed by related parties**		**Balances owed to related parties (see note 7)**	
	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	**31 Dec 2019 ₦'000**	31 Dec 2018 ₦'000	**31 Dec 2019 ₦'000**	31 Dec 2018 ₦'000	**31 Dec 2019 ₦'000**	31 Dec 2018 ₦'000
Transactions with Parent (a)	**-**	**-**	**54,205**	35,628	**-**	-	**42,196**	25,101
Transactions with fellow subsidiary (b)	**4,233**	1,301	**-**	17	**-**	-	**-**	17
Transactions with fellow subsidiary (c.)	**58,814**	64,348	**23,198**	14,695	**-**	-	**29,193**	13,924
Transactions with fellow subsidiary (d.)	**-**	-	**-**	240	**-**	-	**-**	9,167
Transactions with fellow subsidiary (e.)	**-**	**-**	**-**	75	**-**	**-**	**-**	75
Total	**63,047**	65,649	**77,403**	50,655	**-**	-	**71,388**	48,285

(a) Stanbic IBTC Holdings Plc. – parent company
(b) Stanbic IBTC Bank Plc.
(c) Stanbic IBTC Asset Management Limited.
(d) Stanbic IBTC Pension Managers Limited.
(e) Stanbic IBTC Trustee Limited

(a) Expenses incurred and balances due from Stanbic IBTC Holding Company represent management and technical service fee of 5% of Profit before Tax (PBT) based on agreement and expenses incurred on behalf of the Company.

(b) Income earned on bank balance with a sister company, Stanbic IBTC Bank PLC. At 31 December 2019, cash at bank amounted to ₦4 million (2018: ₦303 million) in the normal course of business at prevailing market rates.

(c.) Income earned was mostly investment income from investments in mutual funds with Stanbic IBTC Asset Management Limited. At 31 December 2019, investments in mutual fund with Stanbic IBTC Asset Management Limited amounted to ₦255 million (2018: ₦491 million) in the normal course of business at prevailing market rates.

Expenses incurred and balances owed to Stanbic IBTC Asset Management Ltd represent management and technical service of 5% of Profit before Tax (PBT) based on agreement with related party.

(d.) Expenses incurred and balances due from Stanbic IBTC Pension Managers Limited represent expenses incurred on behalf of the Company.

(e.) Expenses incurred and balances due from Stanbic IBTC Trustee Limited represent expenses incurred on behalf of the Company.

The amounts outstanding are unsecured and will be settled in cash. No material guarantees have been given or received. No provisions have been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

20. Statement of cash flows notes

20.1 Changes in working capital	**31-Dec-19**	31-Dec-18	Movement
	₦'000	₦'000	₦'000
Trade and other payables	**237,970**	447,669	(209,699)
Employee benefit provisions	**71,634**	64,129	7,505
Amounts due to group companies	**71,388**	48,284	23,104
Total	**380,992**	560,082	(179,090)
Trade and other receivables	**48,119**	36,995	(11,124)
Prepayments	**8,727**	51,803	43,076
Opening transition adjustment of Right of Use Assets			(44,580)
			(12,628)

20.2 Proceeds from/ (purchase of) investments	**31-Dec-19**	31-Dec-18	Movement
	₦'000	₦'000	₦'000
Investment securities - Fair value through Other Comprehensive Income (see note 4a)	**798,652**	490,618	(308,034)
Accrued interest on investments	(20,678)	-	20,678
	777,974	490,618	(287,356)

20.3 Interest received	**31-Dec-19**	31-Dec-18
	₦'000	₦'000
Opening accrued interest on investments	-	3,091
Interest income (see note 12)	**99,281**	65,652
Accrued interest on investments	**(20,678)**	-
	78,603	68,743

21. Events after the reporting period

Dividends of ₦252 million were proposed by the Directors at the Board meeting held on 29 April 2020. No other material transactions that occurred up till the auditor's report date required disclosure in or adjustment to the financial statements for the year ended 31 December 2019.

In February 2020, Nigeria detected its index case of the corona virus disease 2019 (COVID-19). Since then, the number of COVID-19 cases have continued to increase; global and local responses to the COVID-19 outbreak have continued to evolve. As part of Nigeria's response to the outbreak, the President of Nigeria issued a restrictive movement order in some parts of Nigeria, including Lagos state, where the Company primarily operates. As a result, the Fund's operations have been limited to remote activities.
As at the date that the financial statements were authorized for issue, none of the Company's responses to the COVID-19 pandemic had a material impact on the amounts recognized as at 31 December 2019.
For subsequent reporting period, the Company anticipates that the impact of the COVID-19 pandemic may lead to budget revision and the recognition of increased impairment allowance on financial assets.
The impact of COVID-19 pandemic on the Nigerian economy and financial markets is still evolving. As such, the Company is unable to fully estimate the future impact on the operations as at the report date. Notwithstanding, the Company will closely monitor the emerging impact of the pandemic to ensure that they are appropriately mitigated. The Company is confident that the quantitative impact will be minimal and inconsequential to negatively affect the going concern status of the Business. Accordingly, these financial statements have been prepared on a going concern basis.
There was no other event after the end of the reporting period which could have a material effect on the financial statements of the Company for the year ended 31 December 2019 which has not been adjusted for, or disclosed in, the financial statements.

	31-Dec-19	31-Dec-18
	₦'000	₦'000
22. Clients' accounts		
Assets		
Cash and cash equivalents	1,080,707	1,566,379
Liabilities		
Premium awaiting remittances	918,576	1,331,422
Broker's commission awaiting remittances	162,132	234,957
	1,080,707	1,566,379

In line with the requirements of the NAICOM Operational Guidelines 2011, the client's account balances have been separated from the Company's business. This balance is therefore shown off balance sheet.

Other National Disclosures

Other national disclosures:

Value added statement

	31-Dec-19		31-Dec-18	
	₦'000	%	₦'000	%
Revenue :				
- Local	**969,405**		647,203	
- Foreign	**-**		-	
Administrative overheads:				
- Local	**(248,889)**		(158,465)	
- Foreign	**-**		-	
VALUE ADDED	**720,517**	**100**	488,738	100
DISTRIBUTION				
EMPLOYEES				
Salaries and benefits	**281,282**	**38**	227,436	46
GOVERNMENT				
Tax charge	**132,851**	**18**	69,298	14
RETAINED IN BUSINESS				
Asset replacement (depreciation)	**9,494**	**1**	3,692	1
To augment reserves	**296,890**	**42**	183,312	39
VALUE ADDED	**720,517**	**100**	483,738	100

This statement represents the distribution of the wealth created with the Company's assets through its own and its employees' efforts.

Other national disclosures:

Financial Summary

STATEMENT OF FINANCIAL POSITION	**31-Dec-19**	**31-Dec-18**	31-Dec-17	31-Dec-16	31-Dec-15
	₦'000	₦'000	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	**3,910**	303,369	168,425	96,042	5,651
Investment securities	**798,652**	490,618	65,152	64,934	-
Trade, other receivables and prepayments	**56,846**	88,798	117,896	95,776	850
Property and equipment	**27,142**	13,606	8,254	1,652	1,263
Right of Use Asset	**22,549**	-	-	-	-
Deferred tax assets	**17,041**	16,848	13,233	4,535	-
TOTAL ASSETS	**926,140**	913,239	372,960	262,939	7,764
LIABILITIES					
Trade and other payables	**237,970**	447,669	188,568	11,013	19,995
Employee benefit provisions	**71,634**	64,129	52,212	27,619	-
Amounts due to group companies	**71,388**	48,284	6,067	37,043	2,478
Current tax liabilities	**128,528**	83,234	50,796	78,429	-
Deferred tax liabilities	**-**	-	-	-	-
TOTAL LIABILITIES	**509,520**	**643,316**	297,643	154,104	22,473
NET ASSETS	**416,620**	269,923	75,317	108,835	(14,709)
CAPITAL AND RESERVES					
Share capital	**20,000**	20,000	20,000	20,000	20,000
Reserves	**396,620**	249,923	55,317	88,835	(34,709)
SHAREHOLDERS' FUNDS	**416,620**	**269,923**	75,317	108,835	(14,709)
Client Assets under custody	**1,080,707**	1,566,379	1,140,591	41,922	**-**

Other national disclosures:

Financial Summary

STATEMENT OF COMPREHENSIVE INCOME

	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16	31-Dec-15
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	**969,405**	647,203	376,862	365,352	1,633
Operating expenses	**(539,665)**	(394,464)	(274,649)	(168,100)	(36,342)
Profit/(loss) before tax	**429,741**	252,739	102,213	197,252	(34,709)
Tax expense	**(132,851)**	(69,298)	(35,731)	(73,894)	-
Profit/(loss) after tax	**296,890**	183,441	66,482	123,358	(34,709)
Net change in fair value of FVTOCI assets	**5,623**	129	-	186	-
Total comprehensive income for the year	**302,513**	183,570	66,482	123,544	(34,709)
Appropriation					
Transfer to retained earnings	**296,890**	183,441	66,482	123,358	(34,709)