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C & I LEASING PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THEYEAR ENDED 31 DECEMBER 2019

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C & I LEASING PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

In accordance with the provisions of sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of consolidated financial statements which give a true and fair view of the state of affairs of the Group for the year ended 31 December 2019, and of the financial performance for the year and of its profit or loss and other comprehensive income for the year. The responsibilities include ensuring that the Group:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act;

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

(c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and

(d) it is appropriate for the consolidated financial statements to be prepared on a going concern basis unless it is presumed that the Group will not continue in business.

The Directors accept responsibility for the accompanying consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004.

The Directors are of the opinion that the accompanying consolidated financial statements give a true and fair view of the state of the financial affairs of the Group and of the financial performance for the period, in accordance with International financial reporting standard and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and in manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated financial statements, as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this consolidated financial statements.

Signed on behalf of the Directors by:

Emeka Ndu	**Andrew Otike-Odibi**
Vice Chairman	**Managing Director**
FRC/2013/ICAN/00000003955	**FRC/2013/ICAN/00000003945**
Dated: 30 April 2020	**Dated: 30 April 2020**

Independent Auditor's Report

To the Shareholders of C&I Leasing Plc

Opinion
We have audited the financial statements of **C & I Leasing Plc** and its subsidiaries (together, "the Group") 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 to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN and other relevant Central Bank of Nigeria circular.

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.

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Key audit matters

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

Key Audit Matter	How the matter was addressed in the audit
Loans and other receivables, operating lease receivables and finance lease receivables - Impairment	
Loans and other receivables, operating lease receivables and finance lease receivables constitute significant portion of the Group's total assets, as a major component of the Group's financial intermediation function revolves round financial assets. The International Financial Reporting Standards (IFRS 9) - Financial Instrument recognition and measurement introduced the expected credit loss model (ECL) for recognizing impairments for financial assets.	We focused our testing of impairment on Loans and other receivables, operating lease receivables and finance lease receivables on the assumptions of management and in line with IFRS 9. We reviewed the IT general controls governing the IFRS reporting process employed by the Group in assigning PD's to the financial assets. Our audit procedures included:
The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:	• Obtained a detailed understanding of the default definition(s) used in the ECL calculation.
• determining criteria for assigning Probabiliy of Default rates (PD Rates)	• Obtained a detailed understanding of the default definition(s) used in the ECL calculation.
• assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables.	• Tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation.
• incorporating forward looking information in the model building process	

Key Audit Matter	How the matter was addressed in the audit
Loans and other receivables, operating lease receivables and finance lease receivables - Impairment (Cont'd.)	
• factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD) • factors considered in cash flow estimation including timing and amount Given the level of complexity and judgement involved in determining of the ECL, and also the material nature of the balance. We considered the valuation of the loans and other receivables, operating lease receivables and finance lease receivables impairment allowance to be a key audit matter in the financial statements.	• Critically evaluating the determination of the expected cash flows used in assessing and estimating impairments and the reasonableness of any assumptions. • Evaluate whether the model used to calculate the recoverable amount complies with the requirement of IFRS 9. • Examined the criteria used to allocate loans and other receivables, operating lease receivables and finance lease receivables under stages 1, 2 and 3 • For loans and other receivables, operating lease receivables and finance lease receivables classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and other receivables, operating lease receivables and finance lease receivables classified under stage 3, we tested all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. • Tested the disclosures to ensure that the required disclosures under IFRS 9 have been appropriately disclosed.

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report 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 appeared to be materially misstated.

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

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3, LFN and other relevant Central Bank of Nigeria circular and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 the director's 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 consolidated 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, LFN 2004, we confirm that:

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

In compliance with the Banks and Other Financial Institutions Act, CAP B3, LFN 2004 and circulars issued by Central Bank of Nigeria, we confirm that:

i) No contratvention of the provisions of the Banks and Other Financial Institutions Act, CAP B3, LFN 2004 and Central Bank of Nigeria circulars was brought to our attention.

ii) Related party transactions and balances are disclosed in Note 53 to the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

Ayodeji K. Sonukan, FCA
FRC/2013/ICAN/00000002431
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Dated: 8 May 2020

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0549902

C & I LEASING PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
		31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
	Notes	**N'000**	N'000	**N'000**	N'000
Assets					
Cash and balances with banks	9.	**1,989,532**	1,712,543	**512,287**	1,419,542
Loans and receivables	10.	**557,587**	387,148	**544,563**	387,151
Trade and other receivables	11.	**8,700,508**	7,754,625	**13,327,408**	16,791,292
Finance lease receivables	12.	**3,090,821**	1,999,330	**2,988,108**	1,832,307
Equity instruments at fair value through other comprehensive income	13	**5,562**	26,053	**5,562**	26,054
Investment in subsidiaries	14	**-**	-	**759,467**	758,967
Investment in joint ventures	15.	**1,334,226**	755,205	**1,334,226**	755,205
Other assets	16.	**7,544,150**	6,759,800	**7,251,772**	6,416,405
Operating lease assets	17	**30,556,351**	30,686,724	**13,986,222**	5,767,998
Property, plant and equipment	18	**1,579,191**	1,631,281	**1,232,295**	1,236,624
Intangible assets	19	**23,190**	45,169	**-**	3,758
Current income tax assets	23.3	**-**	-	**-**	-
Deferred income tax assets	23.4	**854,607**	854,607	**854,607**	854,607
Total assets		**56,235,725**	52,612,485	**42,796,517**	36,249,910
Liabilities					
Balances due to banks	20	**1,311,861**	883,917	**1,332,639**	847,441
Commercial notes	21	**14,333,056**	10,727,157	**14,303,470**	10,705,125
Trade and other payables	22	**7,204,082**	7,074,974	**5,518,761**	6,432,407
Current income tax liability	23.2	**185,180**	144,494	**96,843**	85,559
Borrowings	24	**21,335,227**	21,825,128	**14,972,388**	12,052,228
Deferred income tax liability	23.5	**88,146**	129,214	**-**	-
Total liabilities		**44,457,552**	40,784,884	**36,224,101**	30,122,760
Equity					
Share capital	25.2	**202,126**	202,126	**202,126**	202,126
Share premium	25.3	**1,285,905**	1,285,905	**1,285,905**	1,285,905
Retained earnings	26	**3,224,284**	2,767,444	**682,945**	769,604
Deposit for shares	27.	**1,975,000**	1,975,000	**1,975,000**	1,975,000
Other equity reserves:					
- Statutory reserve	28.	**1,234,789**	1,187,206	**846,764**	799,182
- Statutory credit reserve	29.	**858,253**	373,682	**858,253**	373,682
- Foreign currency translation reserve	30.	**2,020,099**	2,978,402	**-**	-
- Fair value reserve	31.	**4,933**	5,161	**4,933**	5,161
- Revaluation reserve	32.	**716,490**	716,490	**716,490**	716,490
		11,521,879	11,491,416	**6,572,416**	6,127,150
Non-controlling interest	33	**256,294**	336,185	**-**	-
Total equity		**11,778,173**	11,827,601	**6,572,416**	6,127,150
Total liabilities and equity		**56,235,725**	52,612,485	**42,796,517**	36,249,910

These consolidated financial statements were approved by the Board of Directors on **30 April 2020** and signed on its behalf by:

Emeka Ndu	**Andrew Otike-Odibi**	**Alexander Mbakogu**
Vice Chairman	**Managing Director**	**Executive Director/CFO**
FRC/2013/ICAN/00000003955	FRC/2013/ICAN/00000003945	FRC/2015/ICAN/00000011740

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

C & I LEASING PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group		Company	
		31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
Gross earnings		**32,553,536**	28,181,992	**25,834,208**	20,338,710
Lease income	36	**22,330,750**	19,384,979	**15,007,742**	11,943,051
Lease expense	37	**(10,615,783)**	(8,672,739)	**(10,341,394)**	(7,245,081)
Net lease income		**11,714,967**	10,712,240	**4,666,348**	4,697,970
Outsourcing income	38	**8,533,765**	7,108,035	**8,533,765**	7,108,035
Outsourcing expense	38	**(7,532,511)**	(6,315,473)	**(7,506,548)**	(6,315,473)
Net outsourcing income		**1,001,254**	792,562	**1,027,217**	792,562
Tracking income	39	**79,187**	218,490	**110,718**	218,490
Tracking expense	39	**(61,240)**	(81,390)	**(92,771)**	(81,390)
Net tracking income		**17,947**	137,100	**17,947**	137,100
Interest income	40	**202,274**	151,689	**56,743**	78,295
Other operating income	41	**828,539**	811,005	**1,546,219**	483,045
Finance cost	42	**(5,742,408)**	(4,672,638)	**(3,723,468)**	(2,780,864)
Net Operating Income		**8,022,573**	7,931,958	**3,591,006**	3,408,108
Impairment write back / (charge)	35.1	**(74,801)**	(6,483)	**639**	185,865
Depreciation and amortization expense	43	**(3,942,596)**	(3,782,011)	**(1,005,365)**	(985,393)
Personnel expenses	44	**(1,682,923)**	(1,438,454)	**(1,239,319)**	(1,058,617)
Distribution expenses	45	**(18,690)**	(15,218)	**(13,334)**	(11,816)
Other operating expenses	47	**(1,869,923)**	(1,657,353)	**(1,339,990)**	(1,377,600)
Share of profit from joint venture	15.1	**579,021**	507,794	**579,021**	507,794
Profit on continuing operations before taxation		**1,012,661**	1,540,233	**572,658**	668,341
Income tax expense	23.1	**(73,239)**	(342,470)	**(96,844)**	(230,827)
Profit for the year after tax		**939,422**	**1,197,763**	**475,814**	**437,514**
Profit attributable to:					
Owners of the parent		**1,019,313**	1,133,146	**475,814**	437,514
Non-controlling interests		**(79,891)**	64,617	**-**	-
		939,422	1,197,763	**475,814**	437,514
Basic earnings per share [kobo]	48	**252.15**	**280.31**	**117.70**	**108.23**
Diluted earnings per share [kobo]	48	**73.24**	**81.42**	**34.19**	**31.44**

C & I LEASING PLC

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Notes	**31 December 2019 N'000**	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
Profit/(loss) for the year		**939,422**	1,197,763	**475,814**	**437,514**
Items that will be subsequently reclassified to profit or loss					
Exchange difference on translation of foreign operations	30	**(958,303)**	1,851,597	-	-
Items that will not be reclassified to profit or loss					
Gain/(loss) on FVTOCI financial assets		**228**	(127)	**228**	(127)
Other comprehensive income (net of tax)		**(958,075)**	1,851,470	**228**	(127)
Total comprehensive income (net of tax)		**(18,653)**	**3,049,233**	**476,042**	**437,387**
Attributable to:					
Owners of the parent		**61,238**	2,984,615	**476,042**	437,387
Non-controlling interest		**(79,891)**	64,618	-	-
		(18,653)	3,049,233	**476,042**	437,387

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Group

	Share capital N'000	Share premium N'000	Deposit for shares N'000	Statutory reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	Fair value reserve N'000	Revaluation reserve N'000	Non-controlling interest N'000	Total equity N'000
Restated opening balance under IFRS 9 At 1 January 2018	808,505	679,526	2,283,312	1,121,580	113,499	1,960,108	1,126,805	5,288	683,400	271,567	9,053,590
Changes in equity for the year											
Profit for the year	-	-	-	-	-	1,133,146	-	-	-	64,618	1,197,764
Other comprehensive income											
Fair value changes on equity instruments measurement at FVTOCI	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Gain on foreign operations translation	-	-	-	-	-	-	1,851,597	-	-	-	1,851,597
Total comprehensive income for the year	-	-	-	-	-	1,133,146	1,851,597	-	-	64,618	3,049,361
Transactions with owners											
Transfer between reserves	(606,379)	606,379	(308,313)	65,627	260,183	(325,810)	-	(127)	33,090	-	(275,350)
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	-	-	-
Transfer to Liabilities	-	-	-	-	-	-	-	-	-	-	-
	(606,379)	606,379	(308,313)	65,627	260,183	(325,810)	-	(127)	33,090	-	(275,350)
At 31 December 2018	202,126	1,285,905	1,975,000	1,187,207	373,682	2,767,444	2,978,402	5,161	716,490	336,185	11,827,601
At 1 January 2019	**202,126**	**1,285,905**	**1,975,000**	**1,187,207**	**373,682**	**2,767,444**	**2,978,402**	**5,161**	**716,490**	**336,185**	**11,827,601**
Changes in equity for the period											
Profit for the period	-	-	-	-	-	1,019,313	-	-	-	(79,891)	939,422
Other comprehensive income											
Fair value changes on equity instruments measured at FVTOCI	-	-	-	-	-	-	-		-	-	-
IFRS 9 Adjustment						-					
Surplus on revaluation of property, plant and equipment	-	-	-	-	-	-	-	-		-	-
Gain on foreign operations translation	-	-	-	-	-	-	(958,303)	-	-	-	(958,303)
Total comprehensive income for the year	-	-	-	-	-	1,019,313	(958,303)	-	-	(79,891)	(18,881)
Transactions with owners											
Transfer between reserves	-	-	-	47,582	484,571	(532,153)	-	(228)	-	-	(228)
Dividend paid	-	-	-	-	-	(30,320)	-	-	-	-	(30,320)
Transfer to liabilities	-	-	-	-	-	-	-	-	-	-	-
Exchange difference on conversion of deposit for shares	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	47,582	484,571	(562,473)	-	(228)	-	-	(30,548)
At 31 December 2019	**202,126**	**1,285,905**	**1,975,000**	**1,234,789**	**858,253**	**3,224,284**	**2,020,099**	**4,933**	**716,490**	**256,294**	**11,778,173**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

Company

	Share capital N'000	Share premium N'000	Deposit for shares N'000	Statutory reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Total equity N'000
Restated opening balance under IFRS 9 At 1 January 2018	808,505	679,526	2,283,312	733,555	113,499	657,899	-	5,288	683,400	5,964,984
Changes in equity for the year										
Profit for the year	-	-	(308,312)	-	-	437,514	-	-	33,090	162,292
Other comprehensive income										
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	(127)	-	(127)
Total comprehensive income for the year	-	-	(308,312)	-	-	437,514	-	(127)	33,090	162,165
Transactions with owners										
Transfer between reserves	(606,379)	606,379	-	65,627	260,183	(325,810)	-	-	-	-
	(606,379)	606,379	-	65,627	260,183	(325,810)	-	-	-	-
At 31 December 2018	202,126	1,285,905	1,975,000	799,182	373,682	769,603	-	5,161	716,490	6,127,149
At 1 January 2019	202,126	1,285,905	1,975,000	799,182	373,682	769,603	-	5,161	716,490	6,127,149
Changes in equity for the year										
Profit for the year	-	-	-	-	-	475,815	-	-	-	475,815
Other comprehensive income										
Fair value changes on available-for-sale financial assets	-	-	-	-	-	-	-	(228)	-	(228)
Total comprehensive income for the year	-	-	-	-	-	475,815	-	(228)	-	475,587
Transactions with owners										
Transfer between reserves	-	-	-	47,582	484,571	(532,153)	-	-	-	-
Dividend paid	-	-	-	-	-	(30,320)	-	-	-	(30,320)
	-	-	-	47,582	484,571	(562,473)	-	-	-	(30,320)
At 31 December 2019	**202,126**	**1,285,905**	**1,975,000**	**846,764**	**858,253**	**682,945**	**-**	**4,933**	**716,490**	**6,572,416**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Cash flows from operating activities					
Profit after tax		**1,019,313**	1,133,146	**475,814**	437,514
Adjustment for:					
Depreciation of property, plant and equipment	18	**231,167**	230,214	**46,843**	43,179
Depreciation of operating lease assets	17	**3,706,248**	3,542,723	**954,539**	935,402
Amortisation of intangible assets	19	**5,180**	9,074	**3,758**	6,808
Impairment charge/(write back)	35.1	**74,801**	(182,335)	**(639)**	(185,865)
Profit on disposal of property, plant and equipment	41.1	**(23,116)**	175	**(1,220)**	-
Profit on disposal of operating lease assets	41.2	**(128,323)**	(212,830)	**(39,113)**	-
Foreign currency translation difference		**55,951**	2,684,109	**-**	-
Loss on sale of investment securities		**15,565**	-	**15,565**	-
Revaluation of property, plant & equipment		**-**	29,527	**-**	29,527
Exchange loss on repayment of convertible loan		**-**	16,328	**-**	16,328
Impact of IFRS 9 on a subsidiary		**-**	(47,101)	**-**	-
Transfer to reserve of a subsidiary		**-**	34,343	**-**	-
Write off of operating lease assets		**-**	64,151	**-**	42,766
Tax expense	23.1	**185,179**	342,470	**96,844**	230,827
		5,141,965	7,643,994	**1,552,391**	1,556,486
Changes in operating assets and liabilities					
Decrease in loans and receivables		**(171,799)**	(11,516)	**(158,773)**	(28,966)
Increase/(decrease) in trade and other receivables		**(1,030,230)**	(788,460)	**3,454,978**	(2,417,853)
Increase in finance lease receivables		**(1,091,573)**	(483,922)	**(1,155,883)**	(323,567)
Increase in other assets		**(773,361)**	(1,484,014)	**(824,378)**	(1,343,086)
Increase/(decrease) in trade and other payables		**129,108**	419,952	**(913,646)**	440,510
Increase/(decrease) in commercial papers		**3,605,899**	1,054,651	**3,598,345**	1,061,519
Tax refund		**-**	55,178	**-**	-
Tax paid	23.2	**(144,493)**	(284,734)	**(85,559)**	(284,544)
Net cash from operating activities		**5,665,516**	6,121,129	**5,467,475**	(1,339,501)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**35,184**	-	**1,220**	-
Purchase of property, plant and equipment	18	**(230,086)**	(236,885)	**(42,514)**	(89,497)
Proceeds from sale of operating lease assets		**179,109**	-	**39,114**	-
Purchase of operating lease assets	17	**(3,934,987)**	(7,292,956)	**(943,334)**	(1,982,070)
Transfer of operating lease assets from EPIC	17	**-**	-	**(8,229,429)**	-
Acquisition of intangible assets	19	**(332)**	(38,399)	**-**	(1,711)
Additional investment in subsidiaries		**-**	-	**(500)**	-
Additional investment in joint ventures		**-**	(194,777)	**-**	(194,777)
Proceeds from sale of investment securities		**4,698**	-	**4,698**	-
Share of profit from joint ventures	15.1	**(579,021)**	(507,794)	**(579,021)**	(507,794)
Net cash used in investing activities		**(4,525,435)**	(8,270,811)	**(9,749,766)**	(2,775,849)
Cash flows from financing activities					
Proceeds from borrowings	24.1	**12,055,316**	12,055,316	**17,966,561**	11,848,844
Repayment of borrowings	24.1	**(13,236,141)**	(8,936,516)	**(15,046,403)**	(6,240,738)
Repayment of convertible loan (deposit for shares)	27	**-**	(324,640)	**-**	(324,640)
Share of (profit)/loss to non-controlling interest	33	**(79,891)**	64,618	**-**	-
Dividend paid	26	**(30,320)**	-	**(30,320)**	-
Net cash from financing activities		**(1,291,036)**	2,858,778	**2,889,838**	5,283,466
Increase/(decrease) in cash and cash equivalents		**(150,955)**	709,096	**(1,392,453)**	1,168,116
Cash and cash equivalents at 1 January		**828,626**	119,530	**572,101**	(596,015)
Cash and cash equivalents at 31 December	34	**677,671**	828,626	**(820,352)**	572,101

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF PRUDENTIAL ADJUSTMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

The Central Bank of Nigeria stipulates that provisions for loans recognized in the profit or loss account be determined based on the requirements of IFRS. The IFRS provision should then be compared with provision determined using the Prudential Guidelines and the expected impact/changes treated in the retained earnings as follows:

i) Where the prudential impairment allowance is greater than IFRS impairment allowance: the difference should be transferred from the retained earnings account to a non-distributable regulatory risk reserve.

ii) Where the prudential impairment allowance is less than IFRS impairment allowance: The difference should be transferred from the regulatory risk reserve account to the retained earnings to the extent of the non-distributory reserve previously recognized.

The non-distributable reserve should be classified under equity as part of the core capital.

In line with the same directive of the CBN, the Company has reconciled the statutory credit reserve as at 31 December 2019, by comparing the provision and impairment as determined under both bases. A reconciliation of this amount is provided below:

	Company	
	31 December 2019 N'000	31 December 2018 N'000
Total Prudential Impairment Provision	**1,138,435**	868,200
IFRS Impairment Allowance	**653,864**	608,017
Difference in impairment provision balances	**484,571**	260,183
Movement in regulatory reserve		
At 1 January	**373,682**	147,842
Impact of IFRS 9 adoption in 1 January 2018 transferred from retained earnings	-	(34,343)
Transfer to statutory credit reserve in the year	**484,571**	260,183
At 31 December	**858,253**	373,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. The reporting entity

The Company was incorporated on 28 December 1990 and commenced business in June 1991. The Company was licensed by the Central Bank of Nigeria (CBN) as a finance company and is owned by a number of institutional and individuals investors. The Company's shares were listed on the Nigerian Stock Exchange (NSE) in December 1997. The Company is regulated by the Central Company of Nigeria (CBN), the Securities and Exchange Commission (SEC), the NIgerian Stock Exchange (NSE); in addition, the Company renders annual returns to the Corporate Affairs Commission (CAC). As at year end, the Company has three subsidiary companies namely:

- Leasafric Ghana Limited
- EPIC International FZE, United Arab Emirates
- C&I Leasing FZE, Nigeria

The Registered office address of the company is at C & I Leasing Drive, Off Bisola Durosinmi Etti Drive, Lekki Phase 1, Lagos, Nigeria.

The principal activities of the Group are provision of equipment leasing, logistics solution in the form of car and marine vessel rentals, fleet management and automobile distribution through its main operating entity and its subsidiaries.

These consolidated financial statements cover the financial period from 1 January 2019 to 31 December 2019.

The consolidated financial statements for the year ended 31 December 2019 were approved for issue by the Board of Directors on 30 April 2020.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The Group's consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements comprise of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes to the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in Naira, which is the functional currency of the Company, and the presentational currency for the Group's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date in which the Company obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on tranasctions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.5 Changes on accounting policies and disclosures
New and amended IFRS Standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.5.1 IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Upon adoption of IFRS 16, the group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the group.

2.5.2 IFRS 14 "Regulatory Deferral Accounts"

This standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

2.5.3 IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRS 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or payed at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Consensus

• The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

• If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

2.5.4 Amendments to IFRS 2 "Share-Based Payments".

The IASB finalised three separate amendments to IFRS 2:

Effects of vesting conditions on the measurement of a cash-settled share-based payment.

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follows the same approach as used for equity-settled share-based payments.

Accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Until now, IFRS 2 did not specifically address situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The IASB has introduced the following clarifications:

On such modifications, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value to the extent services have been rendered up to the modification date.

Any difference between the carrying amount of the liability as at the modification date and the amount recognised in equity at the same date would be recognised in profit and loss immediately.

Classification of share-based payment transactions with net settlement features

IASB has introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

2.5.5 Amendments to IFRS 9 *Prepayment Features with Negative Compensation*

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

2.5.6 Amendments to IFRS 4 "Insurance Contracts"

The IASB issued amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

• an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;

• an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts.

2.5.7 Amendments to IFRS 11 "Joint Arrangements"

Accounting for Acquisitions of Interests in Joint Operations

The amendment addresses how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11 now requires that such transactions shall be accounted for using the principles in IFRS 3 Business Combinations and other standards. The most significant impacts will be the recognition of goodwill and the recognition of deferred tax assets and liabilities. The amendments not apply to acquisitions of interests in joint operations but also when a business is contributed to a joint operation on its formation.

2.5.8 Amendments to IFRS 10 "Consolidated Financial Statements"
Investment Entities Exemption
Amends IFRS 10, IFRS 12 and IAS 27 to provide investment entities an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 or IAS 39.

2.5.9 Amendments to IFRS 12 "Disclosure of Interests in Other Interests"
Investment Entities
This amendment clarifies which subsidiaries of an investment entity should be consolidated instead of being measured at fair value. The impact on whether the entities may be consolidated will result in changes in the disclosure requirements of IFRS 12 for subsidiaries.

2.5.10 Amendments to IAS 1 "Presentation of Financial Statements"
The narrow-focus amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1. The amendments relate to the following:
• materiality;
• order of the notes;
• subtotals;
• accounting policies; and
• disaggregation.

2.5.11 Amendments to IAS 7 "Statement of Cash Flows"
The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
To achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.
The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition.
The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This is a departure from the December 2014 exposure draft that had proposed that such a reconciliation should be required.
Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities

2.5.12 Amendments to IAS 12 "Income Taxes"
The amendments in Recognition of Deferred Tax Assets for Unrealised Losses clarify the following aspects:
• Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
• The carrying amount of an asset does not limit the estimation of probable future taxable profits.
• Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
• An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law

restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

2.5.13 Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation issued by IASB on 12 May 2014. The amended IAS 16 introduces a rebuttable presumption that revenue is not an appropriate basis for amortisation of property, plant and equipment. This presumption can only be rebutted in two limited circumstances:

1. Property plant and equipment is expressed as a measure of revenue; or
2. Revenue and consumption of the item of property, plant and equipment are highly correlated.

Guidance is introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset.

2.5.14 Improvements to IAS 23 "Borrowing Costs"

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

2.5.15 Improvements to IFRS 5 "Non-current Asset Held for Sale and Discontinued Operations Change in methods of disposal

The amendments introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments state that:

Such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and

Assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

2.5.16 Improvements to IFRS 7 "Financial Instruments: Disclosure" Servicing Contracts

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of disclosures required in relation to transferred assets. Paragraph 42C(c) of IFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement for the purposes of the transfer disclosure requirements. However, in practice, most service contracts have additional features that lead to a continuing involvement in the asset, for example, when the amount and/or timing of the service fee depends on the amount and/or timing of the cash flows collected.

2.5.17 Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

3.1 Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control.

Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usally present when an entity has:

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

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

In its separate financial statements, the Company accounts for its investment in subsidiaries at cost.

3.2 Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group's share of changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the Group discontinues recognizing its share of further losses.

3.3 Investments in joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

3.4 Investments in special purpose entities (SPEs)

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

3.5 Intangible assets

3.5.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.
Amortization is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in statement of profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

3.5.2 Intangible assets generated internally

Expenditure on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized if, and only if, the following conditions apply:
- It is technically feasible to complete the asset for use by the Group;
- The Group has the intention of completing the asset for either use or resale;
- The Group has the ability to either use or sell the asset;
- It is possible to estimate how the asset will generate income;
- The Group has adequate financial, technical and other resources to develop and use the asset;
- The expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit or loss in the period in which they are incurred.

The intangible assets have a useful life of 1 - 3 years.

3.6 Property, plant and equipment

3.6.1 Initial recognition

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, except for land and buildings to be reported at their revalued amount net of accummulated depreciation and/or accummulated impairment losses. Acquisition costs include the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria is satisfied.

3.6.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

3.6.3 Depreciation

Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work-in-progress) are not depreciated.

Depreciation on property, plant and equipment and operating lease assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles/autos and trucks	25%
Office equipment	20%
Marine equipment	5%
Leased assets	20%
Cranes	10%

The assets' residual values and useful lives are reviewed at the end of each reporting year and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

3.6.4 Derecognition
An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the statement of profit or loss as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.6.5 Reclassifications
When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in statement of profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in statement of profit or loss.

3.7 Inventories
Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.8 Impairment of non-financial assets
The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

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

3.9 Financial instruments
3.9.1 Financial assets
i. Classification
The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

3.9.1.1 Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.
A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:
Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

3.9.1.2 Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

i) Recognition and measurement
Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset.
Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and fair value through other comprehensive income financial assets are carried at amortised cost using the effective interest method, except when there is insufficient information at transition date, when it is carried at book values.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as net realised gains on financial assets.

Interest on debt securities calculated using the effective interest method is recognised in the statement of profit or loss. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss when the Group's right to receive payments is established; both are included in the investment income line.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

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

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

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

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

ii) Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the fair value through profit or loss or available-for-salefair value through other comprehensive income categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.
Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

iii) Derecognition

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

3.10.2 Financial liabilities
The Group's financial liabilities as at statement of financial position date include 'Borrowings' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.10.2.1 Interest-bearing borrowings
Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest method; any difference between proceeds and the redemption value is recognised in the statement of profit or loss over the period of the borrowing using the effective interest method.

3.10.3 Impairment of financial assets
3.10.3.1 Overview of the Expected Credit Losses (ECL) principles
The Group recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:
- Financial assets that are debt instruments.
- Trade receivables and contract assets.
- Financial guarantees issued.

In this section, the instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12 months ECL) as outlined.

The 12 months ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.
Loss allowances for account receivable are always measured at an amount equal to lifetime ECL. The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:
· Stage 1: When financial assets are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
· Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
· Stage 3: Financial assets considered credit-impaired. The Group records an allowance for the LTECLs.
· POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.
If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Group would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 3) to 12-months ECL (Stage 2).

In addition to the 90 days probationary period above, the Group also observes a further probationary period of 90 days to upgrade from Stage 2 to 3. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

3.10.3.2 The calculation of ECLs
The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:
PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:
Stage 1: The 12-month ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

Stage 2: When an asset has shown a significant increase in credit risk since origination, the Group records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For assets considered credit-impaired, the Group recognises the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

3.10.3.3 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

3.10.3.4 Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

For POCI financial assets, the Group only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

3.10.3.5 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms: post-employment employee welfare benefits for staff loans, title documents of assets for commercial loans, title documents of assets to be financed for finance leases etc.

The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

3.10.3.6 Presentation of allowance for ECL in the statement of financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

3.10.3.7 Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):
- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;

- amount obtained from realisation of credit collateral security leaves a balance of the debt;or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Group. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

3.10.3.8 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Inflation rates
- Crude oil price

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in the financial statements.

3.10.4 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference 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, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

3.10.5 Write off

The Group writes off a financial asset (and any related allowances for impairment losses) when the Group's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amount due.

3.10.3.2 Financial assets measured at fair value through other ccomprehensive income

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. If in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of profit or loss.

3.10.6 Offsetting financial instruments

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

3.11 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

3.12 Cash and cash equivalents

Cash equivalents comprises short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of preparing the statement of cash flows, cash and cash equivalents are reported net of balances due to Companys.

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3.13 Leases
Leases are divided into finance leases and operating leases.
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.13.1 The Group is the lessor
3.13.1.1 Operating leases
When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

3.13.1.2 Finance leases
When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3.13.2 The Group is the lessee
3.13.2.1 Finance leases
Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.
The related liability to the lessor is included in the statement of financial position as a finance lease obligation.
Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.
Contingent rentals are recognised as expenses in the periods in which they are incurred.

3.13.2.2 Operating leases
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

3.14 Trade and other payables
Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.15 Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.16 Retirement benefits

3.16.1 Defined contribution plan

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

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

Employees contribution of 8% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes 10% to make a total contribution of 18% of the total emoluments as required by the Pension Reform Act 2004. The Company's contribution to the pension's scheme is charged to the profit or loss account.

3.16.2 Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.16.3 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group 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.

3.17 Taxation

3.17.1 Current income tax

The tax expense for the period comprises current and deferred taxes. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries **and associates** operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.17.2 Deferred income tax

Deferred income tax is recognised in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the statement of profit or loss together with the deferred gain or loss on disposal.

3.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.18.1 Warranty

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

3.18.2 Restructuring

A provision for restructuring is recognized when the Group has approved a formal detail restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

3.18.3 Onerous contract

Provision for onerous contracts is recognized when the expected benefit to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

3.19 Equity instruments

Equity instruments issued by the Group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any of the entity purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

3.20 Compound financial instruments

At the issue date, the fair value of the liability component of a compound financial instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

3.21 Share-based payments

Employee share options are measured at fair value at grant date. The fair value is expensed on a straight-line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

3.22 Revenue recognition

This relates to the provision of service or sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

3.22.1 Income from operating leases

Lease income from operating leases is recognised in statement of profit or loss on a straight-line basis over the lease term on a systematic basis which is representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred by the company in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of penalty is recognised in statement of profit or loss in the period in which termination takes place.

3.22.2 Income from finance leases

The recognition of income from finance lease is based on a pattern reflecting a constant periodic rate of return on Company's net investment in the finance lease. The Company therefore allocates finance income over the lease term on a systematic and rational basis reflecting this pattern. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

3.22.3 Personnel outsourcing income

The Group is involved with outsourcing contracts in which human capital of varying skills are outsourced to various organisations. The Group pays the remuneration of such personnel on a monthly basis and invoice the clients costs incurred plus a margin. As costs and income associated with this service can be estimated reliably and service completed.

3.22.4 Service charge income

This represents charges for other services rendered to finance lease customers. The services are rendered periodically on a monthly basis and income is recognised when all the followings are satisfied:

i) The amount of revenue can be measured reliably;
ii) It is probable that the economic benefits associated with the transaction will flow to the group;

iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
iv) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3.22.5 Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at 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 the assets carrying amount.

3.22.6 Rental income
Rental income is recognized on an accrued basis.

3.22.7 Realised gains and losses
The realised gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and it original or amortised costs as appropriate.

3.23 Foreign currency translation
3.23.1 Foreign currency transactions and balances
Transactions in foreign currencies are translated to the respective functional currencies of the entities within the Group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

• Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs; where those interest costs qualify for capitalization to assets under construction;
• Exchange differences on transactions entered into to hedge foreign currency risks;
• Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.23.2 Foreign operations
The functional currency of the parent Company and the presentation currency of the financial statements is the Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences arisng on translation for consolidation are recognised in other comprehensive income and accumulated in a separate category of equity.

4. Segment reporting
The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, the Company's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer group and business activity by geographical region.

A segment is a distinguishable component of the group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosure, as well as the disclosure of contingent liability about these assumption and estimates that could result in outcome that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the statement of profit or loss in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial statements are discussed below:

5.1 Estimates and assumptions

The key assumption concerning the future and other key sources of estimation uncertainly at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Company based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumption about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5.2 Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5.3 Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.
Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.4 Determination of impairment of non-financial assets
Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

5.5 Depreciable life of property, plant and equipment
The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment and will have an impact on the carrying value of these items.

5.6 Impairment under IFRS 9
The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged Approach to the Determination of Expected Credit Losses
IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:
Stage 1
The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2
The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3
The Company recognises a loss allowance at an amount equal to lifetime expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

The Company does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigates such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Company considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for nonhomogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:
1) The contractual cash flows that are due to the Company under the contract; and
2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.

- The development of ECL models, including the various formulas and the choice of inputs. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:
The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

6. Financial instruments and fair values

As explained in Note 6.1, financial instruments have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognised in either through the statement of profit or loss or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the statement of profit or loss. Therefore, the financial instruments carried in the statement of financial position are shown based on their classifications in the

6.1 Classes of financial instruments

	Fair value through OCI N'000	Fair value through profit or loss N'000	Amortised Cost N'000	Total carrying amount N'000
Group				
At 31 December 2019				
Financial assets				
Cash and balances with banks	-	1,989,532	-	1,989,532
Loans and receivables	-	-	557,587	557,587
Finance lease receivables	-	-	3,090,821	3,090,821
Equity instruments at fair value through other comprehensive income	5,562	-	-	-
Trade and other receivables	-	-	8,700,508	8,700,508
Other assets	-	-	7,544,150	7,544,150
	5,562	**1,989,532**	**19,893,066**	**21,882,598**
Financial liabilities				
Balances due to banks	-	1,311,861	-	1,311,861
Borrowings	-	-	21,335,227	21,335,227
Trade payables	-	-	7,204,082	7,204,082
	-	**1,311,861**	**28,539,309**	**29,851,170**
Group				
At 31 December 2018				
Financial assets				
Cash and balances with banks	-	1,712,543	-	1,712,543
Loans and receivables	-	-	387,148	387,148
Finance lease receivables	-	-	1,999,330	1,999,330
Equity instruments at fair value through other comprehensive income	26,054	-	-	26,054
Trade and other receivables	-	-	7,754,625	7,754,625
	26,054	**1,712,543**	**10,141,103**	**11,879,700**
Financial liabilities				
Balances due to banks	-	883,917	-	883,917
Borrowings	-	-	21,825,128	21,825,128
Trade and other payables	-	-	7,074,974	7,074,974
Other liabilities	-	-	-	-
	-	**883,917**	**28,900,102**	**29,784,019**

	Fair value through OCI N'000	Fair value through profit or loss N'000	Amortised Costs N'000	Total carrying amount N'000
Company				
At 31 December 2019				
Financial assets				
Cash and balances with banks	-	512,287	-	512,287
Loans and receivables	-	-	544,563	544,563
Finance lease receivables	-	-	2,988,108	2,988,108
Available-for-sale assets	5,562	-	-	5,562
Trade and other receivables	-	-	13,327,408	13,327,408
Other assets	-	-	7,251,772	7,251,772
	5,562	**512,287**	**24,111,851**	**24,629,700**
Financial liabilities				
Balances due to banks	-	1,332,639	-	1,332,639
Borrowings	-	-	14,972,388	14,972,388
Trade and other payables	-	-	-	-
	-	**1,332,639**	**14,972,388**	**16,305,027**

	Available for sale N'000	Fair value through profit or loss N'000	Loans and receivables N'000	Total carrying amount N'000
Company				
At 31 December 2018				
Financial assets				
Cash and balances with banks	-	1,419,542	-	1,419,542
Loans and receivables	-	-	387,151	387,151
Finance lease receivables	-	-	1,832,307	1,832,307
Available-for-sale assets	26,054	-	-	26,054
Trade and other receivables	-	-	16,791,292	16,791,292
Other assets	-	-	6,416,405	6,416,405
	26,054	**1,419,542**	**25,427,155**	**26,872,751**
Financial liabilities				
Balances due to banks	-	847,441	-	847,441
Borrowings	-	-	12,052,228	12,052,228
Trade and other payables	-	-	-	-
	-	**847,441**	**12,052,228**	**12,899,669**

6.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains recognised in a separate component of equity at the end of the reporting period.

The fair value of financial assets and liabilities at amortized cost.

6.3 Fair value measurements recognised in the statement of financial position

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value.

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group maintains quoted investments in the companies listed in Note 13 and were valued at N26,054,000 (December 2017: N26,180,000) which are categorised as **level 1,** because the securities are listed, however, there are no financial instruments in the level 2 and 3 categories for the year.

7. Capital management

In management of the Group capital, the Group's approach is driven by its strategy and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

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

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

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier 1 capital including ordinary shares, statutory reserve, share premium and retained earnings, intangible assets, and
- Tier 2 capital: qualifying convertible loan capital, preference shares, collective impairment allowances, non-controlling interest and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The Central Bank of Nigeria prescribed a minimum limit of 12.5% of total qualifying capital/total risk-weighted assets as a measure of capital adequacy of finance companies in Nigeria. Furthermore, a finance company is expected to maintain a ratio of not less than 1:10 between its capital funds and net credits. Total qualifying capital consists of tier 1 and 2 capital less investments in unconsolidated subsidiaries and associates. The total risk-weighted assets reflects only credit and counterparty risk.

The Group achieved capital adequacy ratio of 20% at the year end 31 December 2019, which is the same when compared to 20% recorded for the year ended 31 December, 2018.

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The table below summarises the composition of regulatory capital and the ratios of the Group for the period presented below. During the period, the individual entities with the Group and the Group complied with all the externally imposed capital requirements to which they are subject.

		Group		Company	
		31-Dec-19	31-Dec-18	**31-Dec-19**	31-Dec-18
		N'000	N'000	**N'000**	N'000
Tier 1 capital					
Share capital		**202,126**	202,126	**202,126**	202,126
Deposit for shares		**1,975,000**	1,975,000	**1,975,000**	1,975,000
Share premium		**1,285,905**	1,285,905	**1,285,905**	1,285,905
Statutory reserve		**1,234,789**	1,187,206	**846,764**	799,182
Statutory credit reserve		**858,253**	373,682	**858,253**	373,682
Deferred income tax assets		854,607	854,607	854,607	854,607
Retained earnings		**3,224,284**	2,767,444	**682,945**	769,604
Non-Controlling Interest		256,294	336,185	-	-
Sub-Total		**9,891,258**	8,982,155	**6,705,600**	6,260,106
Less: Intangible assets		**(23,190)**	(45,169)	-	(3,758)
Under provision/deferred assets		-	-	-	-
Required loan loss reserve		**(858,253)**	(373,682)	**(858,253)**	(373,682)
Deferred income tax assets		(854,607)	(854,607)	(854,607)	(854,607)
Total qualifying for tier 1 capital		**8,155,208**	7,708,697	**4,992,740**	5,028,059
Tier 2 capital					
Exchange translation reserve		**2,020,099**	2,978,402	-	-
Fair value reserve		**4,933**	5,161	**4,933**	5,161
Revaluation reserve		**716,490**	716,490	**716,490**	716,490
Total		**2,741,522**	3,700,053	**721,423**	721,651
Total qualifying for tier 2 capital (Maximum of 33.3% of TIER 1 Capital)		**2,741,522**	2,566,996	**721,423**	721,651
Total regulatory capital		**10,896,730**	10,275,693	**5,714,163**	5,749,710
Risk-weighted assets					
	%				
Cash in hand	0%	-	-	-	-
Cash and balances with banks	20%	**397,906**	342,509	**102,457**	283,908
Loans and receivables	100%	**557,587**	387,148	**387,151**	387,151
Trade receivables	100%	**8,700,508**	7,754,625	**13,327,408**	16,791,292
Due from related companies	100%	-	-	-	-
Finance lease receivables	100%	**3,090,821**	1,999,330	**2,988,108**	1,832,307
Equity instruments at fair value through other comprehensive income	100%	**5,562**	-	**5,562**	-
Investment in subsidiaries	100%	-	-	**759,467**	758,967
Investment in joint venture	100%	**1,334,226**	755,205	**1,334,226**	755,205
Other assets	100%	**7,544,150**	6,759,800	**7,251,772**	6,416,405
Operating lease assets	100%	**30,556,351**	30,686,724	**13,986,222**	5,767,998
Property, plant and equipment	100%	**1,579,191**	1,631,281	**1,232,295**	1,236,624
Deferred income tax assets	100%	-	-	-	-
Total risk weighted assets		**53,766,302**	50,316,622	**41,374,668**	34,229,857
Risk-weighted Capital Adequacy Ratio (CAR)		**20%**	20%	**14%**	17%

8. Risk management framework

The primary objective of Group's risk management framework is to protect the Group's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit Unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

The Group's principal significant risks are assessed and mitigated under three broad headings:
Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arose from the Group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making, resource allocation and its inablity to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the Group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

8.1 Strategic risks

Capital management policies, objectives and approach.
The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by the Group:

- To maintain the required level of financial stability thereby providing a degree of security to clients and plar
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory r
- To maintain financial strength to support new business growth and to satisfy the requirements of the regul

The Company's operations are subject to regulatory requirements of Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC) and Nigerian Stock Exchange (NSE). In addition, annual returns must be submitted to Corporate Affairs Commission (CAC) on a regular basis.

8.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:
- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

8.3 Financial risks

The Group's operations exposes it to a number of financial risks. Adequate risk management procedures have been established to protect the Group against the potential adverse effects of these financial risks. There has been no material change in these financial risks since the prior year. The following are the risks
Credit risks
Liquidity risks
Market risks

8.3.1 Credit risks

Credit risks arise from a customer delay or outright default of lease rentals; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

The Group has policies in place to mitigate its credit risks.

The Group's risk management policy sets out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The carrying amount of the Group's financial instruments represents the maximum exposure to credit risk.

Exposure to risk

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

	Group	
	31-Dec-19	31-Dec-18
	N'000	N'000
Financial assets		
Cash and balances with banks	**1,989,532**	1,712,543
Loans and receivables	**557,587**	387,148
Finance lease receivables	**3,090,821**	1,999,330
Available-for-sale assets	-	-
Equity instruments measured at FVTOCI	**5,562**	**26,053**
Trade and other receivables	**8,700,508**	7,754,625
Other assets	**7,544,150**	6,759,800
	21,888,160	18,639,499

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	Company	
	31-Dec-19	31-Dec-18
	N'000	N'000
Financial assets		
Cash and balances with banks	**512,287**	1,419,542
Loans and receivables	**544,563**	387,151
Finance lease receivables	**2,988,108**	1,832,307
Available-for-sale assets	-	-
Equity instruments measured at FVTOCI	**5,562**	**5,562**
Trade and other receivables	**13,327,408**	16,791,292
Other assets	**7,251,772**	6,416,405
	24,629,700	26,852,259

8.3.2 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial ir The Group maintains sufficient amount of cash for its operations. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Operations Committee has primary responsibility for compliance with regulations and company policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Group's assets are funded by borrowings from financial institutions. These borrowings, which are widely diversified by type and maturity, represent a stable source of funds.

8.3.2 Liquidity risks

Below is the contractual maturities of financial liabilities in Nigerian Naira presented in the consolidated financial statements.

	Current N'000	**Non-current N'000**	**Total N'000**
Group			
31 December 2019			
Balances due to banks	1,311,861	-	1,311,861
Borrowings	6,415,348	14,919,879	21,335,227
Trade and other payables	7,204,082	-	7,204,082
	14,931,291	14,919,879	29,851,170
31 December 2018			
Balances due to banks	883,917	-	883,917
Borrowings	5,550,877	16,274,251	21,825,128
Trade and other payables	7,074,974	-	7,074,974
	13,509,768	16,274,251	29,784,019
Company			
31 December 2019			
Balances due to banks	1,332,639	-	1,332,639
Borrowings	4,120,921	10,851,467	14,972,388
Other liabilities	5,518,761	-	5,518,761
	10,972,321	**10,851,467**	**21,823,788**
31 December 2018			
Balances due to banks	847,441	-	847,441
Borrowings	2,931,524	9,120,705	12,052,229
Trade and other payables	6,432,407	-	6,432,407
	10,211,372	**9,120,705**	**19,332,077**

The Group's focus on the maturity analysis of its financial liabilities is as stated above, the Group classifies its financial liabilities into those due within one year (current) and those due after one year (non-current).

The contractual cash flows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

The financial liabilities affected by discounting are the long term borrowings (including the current portion), all other financial liabilities stated are assumed to approximate their carrying values due to their short term nature and are therefore not discounted.

8.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

8.3.4 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of its foreign subsidiary as well as foreign borrowings (usually denominated in US Dollars).

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in Nigerian Naira, except for its subsidiaries - Leasafric Ghana Limited and EPIC International FZE, U.A.E.; whose transactions are denominated in Ghanaian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in the year as a result of translation has been recognised in the statement of other comprehensive income.

The Group foreign currency risk exposure arises also from long term borrowings from Aureos Africa LLC denominated in United States Dollar. The borrowings have the option of being convertible at the end of the tenor, and as such the impact of fluctuations in these commitments on the financial statements as a whole are considered minimal and reasonable as a result of the stable market.

8.3.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used by the Group. Interest-bearing assets comprise cash and cash equivalents and loans to subsidiaries which are considered short-term liquid assets. The Group's interest rate liability risk arises primarily from borrowings issued at variable interest rates which exposes the Group to cash flow interest rate risk. It is the Group's policy to settle trade payables within the credit limit terms allowed, thereby not incurring interest on overdue balances. Borrowings are sourced from both local and foreign financial markets, covering short and long term funding.

The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

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8.3.6 Market price risk

Investments by the Group in available-for-sale financial assets expose the Group to market (equity) price risk. The impact of this risk on the Group's financial statements is considered positive because of the continuous increase and stability in value of equities in the past few years. All other gains and losses due to increase and decrease in market prices were recorded in the fair value reserve through statement of other comprehensive income.

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
9. Cash and bank balances				
Cash in hand	**14,798**	3,253	**14,786**	3,211
Bank balances	**1,952,489**	985,910	**475,256**	692,951
Placement with banks	**22,245**	723,380	**22,245**	723,380
	1,989,532	1,712,543	**512,287**	1,419,542
10. Loans and receivables				
Lease rental due	**541,902**	382,257	**541,901**	382,257
Loans and advances	**30,586**	18,431	**17,563**	18,434
	572,488	400,688	**559,464**	400,691
ECL impairment allowance (Note 10.3)	**(14,901)**	(13,540)	**(14,901)**	(13,540)
	557,587	387,148	**544,563**	387,151
10.1 Analysis of loans and receivables by security				
Secured	**-**	-	**-**	-
Otherwise secured	**572,488**	400,688	**559,464**	400,691
	572,488	400,688	**559,464**	400,691
10.2 Loans and receivables are further analysed as follows:				
Less than one year	**512,068**	358,400	**523,660**	375,049
More than one year and less than five years	**60,420**	42,288	**35,803**	25,642
More than five years	**-**	-	**-**	-
	572,488	400,688	**559,463**	400,691

10.3 Impairment allowance on loans and advances

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to loans and advances is as follows:

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Group				
31 December 2019				
Gross carrying amount as at 1 January 2019	391,196	1,541	7,951	400,688
New assets originated or purchased	149,802	15,139	10,656	175,597
Assets derecognised or repaid	(3,797)	-	-	(3,797)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**537,201**	**16,680**	**18,607**	**572,488**
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	6,834	6,371	335	13,540
New assets originated or purchased	2,252	-	-	2,252
Assets derecognised or repaid	-	(891)	-	(891)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**9,086**	**5,480**	**335**	**14,901**
Group				
31 December 2018				
Gross carrying amount as at 1 January 2018	367,011	1,446	7,459	375,916
New assets originated or purchased	24,185	-	492	24,677
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	95	-	95
Transfer to stage 3	-	-	-	-
	391,196	1,541	7,951	400,688
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	6,834	6,371	4,543	17,748
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	(303)	-	(3,905)	(4,208)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	6,531	6,371	638	13,540

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	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Company				
31 December 2019				
Gross carrying amount as at 1 January 2019	**391,199**	**1,541**	**7,951**	**400,691**
New assets originated or purchased	**136,775**	**15,139**	**10,656**	**162,570**
Assets derecognised or repaid	**(3,797)**	-	-	**(3,797)**
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**524,177**	**16,680**	**18,607**	**559,464**
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	6,834	6,371	335	13,540
New assets originated or purchased	2,252	-	-	2,252
Assets derecognised or repaid	-	(891)	-	(891)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**9,086**	**5,480**	**335**	**14,901**
31 December 2018				
Gross carrying amount as at 1 January 2018	367,014	1,446	7,459	375,919
New assets originated or purchased	24,185	-	492	24,677
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	95	-	95
Transfer to stage 3	-	-	-	-
	391,199	1,541	7,951	400,691
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	6,834	6,371	4,543	17,748
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	(303)	-	(3,905)	(4,208)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	6,531	6,371	638	13,540

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
11. Trade and other receivables				
Operating lease service receivables	**7,865,479**	7,158,680	**6,254,116**	5,810,421
Account receivables	**1,107,151**	862,407	**1,107,151**	862,407
Due from related companies (Note 11.1)	**-**	-	**6,229,303**	10,384,926
	8,972,630	8,021,087	**13,590,570**	17,057,754
ECL impairment allowance (Note 11.2)	**(272,122)**	(266,462)	**(263,162)**	(266,462)
	8,700,508	7,754,625	**13,327,408**	16,791,292
11.1 Amount due from related companies				
Leasafric Ghana Limited	-	-	-	17,482
C&I Leasing FZE	-	-	**93,979**	-
C&I/Sifax JV Current account	-	-	**535,829**	-
OCS/C&I JV Current account	-	-	**37,407**	-
EPIC International FZE, United Arab Emirates	-	-	**5,617,165**	10,418,181
	-	-	**6,284,380**	10,435,663
Impairment allowance	-	-	**(55,077)**	(50,737)
	-	-	**6,229,303**	10,384,926

11.2 Impairment allowance on trade and other receivables

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to trade and other receivables is as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Group				
31 December 2019				
Gross carrying amount as at 1 January 2019	7,403,528	439,570	177,989	8,021,087
New assets originated or purchased	1,054,911	-	-	1,054,911
Assets derecognised or repaid	-	(137,516)	-	(137,516)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	34,148	34,148
At 31 December 2019	**8,458,439**	**302,054**	**212,137**	**8,972,630**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	91,298	12,990	162,174	266,462
New assets originated or purchased	-	-	92,509	92,509
Assets derecognised or repaid	-	(8,162)	-	(8,162)
Amount written off	-	-	(78,687)	(78,687)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**91,298**	**4,828**	**175,996**	**272,122**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Group				
31 December 2018				
Gross carrying amount as at 1 January 2018	4,439,512	154,751	62,661	4,656,924
New assets originated or purchased	2,964,016	284,819	115,328	3,364,163
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	7,403,528	439,570	177,989	8,021,087
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	2,913	34,279	225,338	262,530
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	88,385	(21,289)	(63,164)	3,932
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	91,298	12,990	162,174	266,462

11.2 Impairment allowance on trade and other receivables

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to trade and other receivables is as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Company				
31 December 2019				
Gross carrying amount as at 1 January 2019	16,440,195	439,570	177,989	17,057,754
New assets originated or purchased	1,054,911	-	-	1,054,911
Assets derecognised or repaid	(4,155,624)	(400,619)	-	(4,556,243)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	34,148	34,148
At 31 December 2019	**13,339,482**	**38,951**	**212,137**	**13,590,570**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL impairment allowance as at 1 January 2019				-
Gross carrying amount as at 1 January 2019	91,298	12,990	162,174	266,462
New assets originated or purchased	-	-	26,461	26,461
Assets derecognised or repaid	(10,106)	(7,016)	(432)	(17,554)
Amount written off	-	-	(12,207)	(12,207)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**81,192**	**5,974**	**175,996**	**263,162**

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Company				
31 December 2018				
Gross carrying amount as at 1 January 2018	5,787,771	154,751	62,661	6,005,183
New assets originated or purchased	10,652,424	284,819	115,328	11,052,571
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	16,440,195	439,570	177,989	17,057,754
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	2,913	34,279	417,686	454,878
New assets originated or purchased	88,385	-	-	88,385
Assets derecognised or repaid	-	(21,289)	(255,512)	(276,801)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	91,298	12,990	162,174	266,462

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
12. Finance lease receivables				
Gross finance lease receivable	**7,658,112**	3,956,811	**7,554,380**	3,789,789
Unearned lease interest/maintenance	**(4,552,151)**	(1,942,424)	**(4,551,132)**	(1,942,424)
Net investment in finance lease	**3,105,961**	2,014,387	**3,003,248**	1,847,365
ECL impairment allowance (Note 12.2)	**(15,140)**	(15,057)	**(15,140)**	(15,058)
	3,090,821	1,999,330	**2,988,108**	1,832,307

12.1 Included in unearned lease interest/maintenance is deferred maintenance charge.
Deferred maintenance charge relates to estimate for maintenance obligations on fleet managements under finance lease arrangement. The reimbursements are included in finance lease receivables from customers, while the maintenance charge is recognised in the statement of profit or loss over the tenor of the fleet management contracts.

12.2 Impairment allowance on finance lease receivables

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to finance lease receivables is as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Group				
31 December 2019				
Gross carrying amount as at 1 January 2019	2,014,387	-	-	2,014,387
New assets originated or purchased	1,091,574	-	-	1,091,574
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**3,105,961**	-	-	**3,105,961**
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	15,058	-	-	15,058
New assets originated or purchased	82	-	-	82
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**15,140**	-	-	**15,140**
Group				
31 December 2018				
Gross carrying amount as at 1 January 2018	1,523,798	-	-	1,523,798
New assets originated or purchased	490,589	-	-	490,589
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	2,014,387	-	-	2,014,387
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	14,859	-	-	14,859
New assets originated or purchased	198	-	-	198
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	15,057	-	-	15,057

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Company				
31 December 2019				
Gross carrying amount as at 1 January 2019	1,847,365	-	-	1,847,365
New assets originated or purchased	1,155,883	-	-	1,155,883
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**3,003,248**	**-**	**-**	**3,003,248**
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	15,058	-	-	15,058
New assets originated or purchased	82	-	-	82
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**15,140**	**-**	**-**	**15,140**

	Stage 1	Stage 2	Stage 3	Total
Company				
31 December 2018				
Gross carrying amount as at 1 January 2018	1,523,798	-	-	1,523,798
New assets originated or purchased	323,567	-	-	323,567
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	1,847,365	-	-	1,847,365
ECL impairment allowance as at 1 January 2018				
Gross carrying amount as at 1 January 2018	14,860	-	-	14,860
New assets originated or purchased	198	-	-	198
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	15,058	-	-	15,058

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	31 December 2019 N'000	31 December 2018 N'000
13. Movement in investmen securities at fair value through other comprehensive income				
At the beginning (Gross)	52,425	52,425	52,425	52,426
Disposal	(23,925)	-	(23,925)	-
Impairment allowance (Note 13.1)	(22,938)	(26,372)	(22,938)	(26,372)
At the end	5,562	26,053	5,562	26,054
13.1 Equity instruments at fair value through other comprehensive income (Gross)				
Diamond Bank Plc (GDR)	-	23,925	-	23,925
First Bank of Nigeria Ltd	16,500	16,500	16,500	16,500
Fidelity Bank Plc	12,000	12,000	12,000	12,000
	28,500	52,425	28,500	52,425
13.2 Fair value reserve				
At the beginning	26,372	26,372	26,372	26,372
Write back of fair value gain on disposal of Diamond Bank GDR	(3,662)	-	(3,662)	-
Gains from changes in fair value recognised in OCI	228	-	228	-
At the end	22,938	26,372	22,938	26,372
14. Investment in subsidiaries				
Leasafric Ghana Limited	-	-	754,736	754,736
EPIC International FZE, United Arab Emirates	-	-	4,231	4,231
C&I Leasing FZE, Nigeria	-	-	500	-
	-	-	759,467	758,967

14.1 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activity	Country of incorporation	Percentage held	Statutory year end
Leasafric Ghana Limited (Note 14.1.1)	Leasing	Ghana	70.89%	31 December
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 14.1.2)	Trading in ships and boats	United Arab Emirates	100%	31 December
C&I Leasing FZE, Nigeria (Note 14.1.3)	Provision of chartered vessels in Dangote Free Trade Zone.	Nigeria	99%	31 December

14.1.1 Leasafric Ghana Limited

Leasafric Ghana Limited is a company incorporated in Ghana under the Companies Code, 1963 (Act 179) of Ghana as a Ghanaian company authorised by the Bank of Ghana to provide leasing business. The requisite approval for C&I Leasing Plc investment in Leasafric Ghana Limited was obtained from the Central Bank of Nigeria.

14.1.2 EPIC International FZE, U.A.E.

EPIC International FZE is a Free Zone Establishment (the Enterprise) registered in Ras Al khaimah, United Arab Emirates (U.A.E.) under a license issued by the Ras Al Khaimah Free Trade Zone Authority in accordance with the Emiri Decree dated 1 May 2000 of late H.H. Sheikh Saqr Bin Mohammed Bin Salem Al Quasi, Ruler of Ras Al Khaimah. The licensed activities of the Enterprise is trading in ships and boats, its parts, components and automobile. However, the Enterprise is engaged in the busines of leasing vessels. EPIC FZE was registered on 29 December 2010 under the license no. 5006480 and commenced its operations in 15 June 2011.

14.1.3 C&I Leasing FZE, Nigeria

C&I Leasing FZE is a Free Zone Enterprise (the Enterprise) registered in Dangote Free Zone in Lekki Free Trade Zone, under a license issued by the Nigeria Export Processing Zones Authority in accordance with the Nigeria Export Processing Zones Authority Act, 1992. The licensed activities of the Enterprise is providing marine servies. The Enterprise was resgistered on 18 December 2017 and commenced operations in 2019.

14.2 Condensed results of consolidated entities

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 14.2.1-4.

The C&I Leasing Plc Group in the condensed results includes the results of the under listed entities:

- C&I Leasing Plc
- Leasafric Ghana Limited
- EPIC International FZE, U.A.E.
- C&I Leasing FZE, Nigeria

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14.2.1 Condensed results of consolidated entities

31 December 2019

	Parent - C&I Leasing Plc	Leasafric Ghana Limited	EPIC International FZE, U.A.E	C&I Leasing FZE	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed statement of profit or loss							
Gross earnings	**25,834,208**	**4,408,722**	**3,712,232**	**3,178,648**	**37,133,810**	**(4,580,274)**	**32,553,536**
Net operating income	3,591,006	2,387,355	2,586,320	193,641	8,758,322	(735,750)	8,022,572
Impairment charge	639	(79,780)	-	-	(79,141)	4,341	(74,800)
Depreciation expense	(1,005,365)	(1,660,589)	(1,276,643)	-	(3,942,597)	-	(3,942,597)
Personnel expenses	(1,239,319)	(439,927)	-	(3,676)	(1,682,922)	-	(1,682,922)
Distribution costs	(13,334)	(5,356)	-	-	(18,690)	-	(18,690)
Other operating expenses	(1,339,990)	(506,209)	(21,719)	(2,006)	(1,869,924)	-	(1,869,924)
Profit/(loss) before tax	572,658	(304,506)	1,287,958	187,959	1,744,069	(731,409)	1,012,660
Income tax expense	(96,844)	23,604	-	-	(73,240)	-	(73,240)
Profit/(loss) after tax	**475,814**	**(280,902)**	**1,287,958**	**187,959**	**1,670,829**	**(731,409)**	**939,420**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14.2.2 Condensed results of consolidated entities

31 December 2019

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	EPIC International FZE, U.A.E N'000	C&I Leasing FZE N'000	Total N'000	Elimination N'000	Group N'000
Condensed statement of financial position							
Assets							
Cash and balances with banks	512,287	1,425,544	51,701	-	1,989,532	-	1,989,532
Loans and receivables	544,563	13,024	-	-	557,587	-	557,587
Trade and other receivables	13,327,408	966,896	(7,032,246)	941,416	8,203,474	497,034	8,700,508
Due from related parties	-	-		-	-		-
Finance lease receivables	2,988,108	102,712	-	-	3,090,820	-	3,090,820
Available-for-sale financial assets	5,562	-	-	-	5,562	-	5,562
Investment in subsidiaries	759,467	-	-	-	759,467	(759,467)	-
Investment in joint ventures	1,334,226	-	-	-	1,334,226	-	1,334,226
Other assets	7,251,772	281,527	-	-	7,533,299	-	7,533,299
Inventory		10,853	-	-	10,853	-	10,853
Operating lease assets	13,986,222	3,065,810	13,504,319	-	30,556,351	-	30,556,351
Property, plant and equipment	1,232,295	346,895	-	-	1,579,190	-	1,579,190
Intangible assets	-	23,190	-	-	23,190	-	23,190
Current income tax assets	-	-	-	-	-	-	-
Deferred income tax assets	854,607	-	-	-	854,607	-	854,607
Total assets	**42,796,517**	**6,236,451**	**6,523,774**	**941,416**	**56,498,158**	**(262,433)**	**56,235,725**
Liabilities and equity							
Balances due to banks	1,332,639	11,203	(31,981)	-	1,311,861		1,311,861
Commercial notes	14,303,470	29,585	-	-	14,333,055	-	14,333,055
Trade and other payables	5,518,761	809,641	764,492	846,938	7,939,832	(735,748)	7,204,084
Current income tax liability	96,843	88,336	-	-	185,179	-	185,179
Borrowings	14,972,388	4,255,377	2,107,462	-	21,335,227	-	21,335,227
Deferred income tax liability	-	88,146	-	-	88,146	-	88,146
Equity and reserves	6,572,416	954,162	3,683,801	94,479	11,304,858	473,315	11,778,173
Total liabilities and equity	**42,796,517**	**6,236,450**	**6,523,774**	**941,417**	**56,498,157**	**(262,433)**	**56,235,725**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14.2.3 Condensed results of consolidated entities

31 December 2018

	C&I Leasing Plc	Leasafric Ghana Limited	EPIC International FZE, U.A.E	C&I Leasing FZE	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Condensed statement of profit or loss							
Gross earnings	**20,338,710**	**4,642,482**	**3,200,799**		**28,181,991**	-	**28,181,991**
Net operating income	3,408,109	2,790,571	1,733,279	-	7,931,959	-	7,931,959
Impairment charge	185,864	(192,346)	-	-	(6,482)	-	(6,482)
Depreciation expense	(985,393)	(1,635,578)	(1,161,040)	-	(3,782,011)	-	(3,782,011)
Personnel expenses	(1,058,617)	(379,836)	-	-	(1,438,453)	-	(1,438,453)
Distribution costs	(11,816)	(3,403)	-	-	(15,219)	-	(15,219)
Other operating expenses	(1,377,600)	(245,787)	(33,967)	-	(1,657,354)	-	(1,657,354)
Share of loss from joint venture	507,794			-	507,794		507,794
Profit/(loss) before tax	668,341	333,621	538,272	-	1,540,234	-	1,540,234
Income tax expense	(230,827)	(111,643)	-	-	(342,470)	-	(342,470)
Profit/(Loss) after tax	**437,514**	**221,978**	**538,272**	-	**1,197,764**	-	**1,197,764**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14.2.4 Condensed results of consolidated entities (Cont'd)

30 December 2018

Condensed statement of financial position

	C&I Leasing Plc	Leasafric Ghana Limited	EPIC International FZE, U.A.E	C&I Leasing FZE	Total	Elimination	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and balances with banks	1,419,542	273,090	19,912	-	1,712,544	-	1,712,544
Loans and receivables	387,151	-	-	-	387,151	-	387,151
Trade and other receivables	6,406,366	1,348,258	-	-	7,754,624	-	7,754,624
Due from related parties	10,384,926	20,825	(11,852,267)	-	(1,446,516)	(1,771,930)	-
Finance lease receivables	1,832,307	167,022	-	-	1,999,329	-	1,999,329
Available-for-sale financial assets	26,054	-	-	-	26,054	-	26,054
Investment in subsidiaries	758,967	-	-	-	758,967	(758,967)	-
Investment in joint ventures	755,205	-	-	-	755,205	-	755,205
Other assets	4,769,369	328,792	-	-	5,098,161	-	5,098,161
Inventory	1,647,036	14,596	-	-	1,661,632	-	1,661,632
Operating lease assets	5,767,998	3,272,601	21,553,254	-	30,593,853	92,868	30,686,721
Property, plant and equipment	1,236,624	394,657	-	-	1,631,281	-	1,631,281
Intangible assets	3,758	41,418	-	-	45,176	-	45,176
Current income tax assets	-	-	-	-	-	-	-
Deferred income tax assets	854,607	-	-	-	854,607	-	854,607
Total assets	**36,249,910**	**5,861,259**	**9,720,899**	**-**	**51,832,068**	**(2,438,029)**	**52,612,485**
Liabilities and equity							
Balances due to banks	847,441	36,476	-	-	883,917	-	883,917
Commercial notes	10,705,125	22,032	-	-	10,727,157	-	10,727,157
Trade and other payables	6,378,157	383,464	259,097	-	7,020,718	-	7,020,718
Current income tax liability	85,559	58,936	-	-	144,495	-	144,495
Borrowings	12,052,229	3,321,295	6,451,605	-	21,825,129	-	21,825,129
Retirement benefit obligations	54,251	-	-	-	54,251	-	54,251
Deferred income tax liability	-	129,220	-	-	129,220	-	129,220
Equity and reserves	6,127,148	1,909,835	3,010,197	-	11,047,180	780,417	11,827,597
Total liabilities and equity	**36,249,910**	**5,861,258**	**9,720,899**	**-**	**51,832,067**	**780,417**	**52,612,485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
15. Investment in Joint Venture				
Investment accounted for using equity method - in Joint venture				
Sifax C&I Marine Limited (Note 15.1)	**1,334,226**	755,205	**1,334,226**	755,205
	1,334,226	755,205	**1,334,226**	755,205
15.1 Sifax C&I Marine Limited				
At 1 January	**755,205**	247,411	**755,205**	247,411
Share of profit in joint venture	**579,021**	507,794	**579,021**	507,794
At 31 December	**1,334,226**	**755,205**	**1,334,226**	**755,205**
16. Other assets				
Prepayments	**863,024**	1,121,468	**758,007**	913,181
Withholding tax receivables	**4,375,446**	3,882,099	**4,375,446**	3,882,099
Inventories (Note 16.1)	**2,120,427**	1,661,640	**2,109,574**	1,647,036
Other debit balances	**198,373**	101,229	**35,759**	12,093
Insurance claims receivables	**240,389**	257,862	**226,495**	226,494
	7,797,659	7,024,298	**7,505,281**	6,680,903
Impairment allowance (Note 16.3)	**(253,509)**	(264,498)	**(253,509)**	(264,498)
	7,544,150	6,759,800	**7,251,772**	6,416,405
16.1 Inventories				
Spare parts	**1,424,670**	1,189,510	**1,413,817**	1,174,914
Tracking devices	**67,061**	56,370	**67,061**	56,370
Fuel dump-PMS	**10,814**	5,477	**10,814**	5,470
Goods in transit	**669,956**	462,357	**669,956**	462,357
	2,172,501	1,713,714	**2,161,648**	1,699,111
Impairment	**(52,074)**	(52,074)	**(52,075)**	(52,075)
	2,120,427	1,661,640	**2,109,573**	1,647,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16.2 Impairment allowance on other assets

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to other assets is as follows:

	Stage 1	Stage 2	Stage 3	Total
	N'000	N'000	N'000	N'000
Group				
31 December 2019				
Gross carrying amount as at 1 January 2	**6,360,621**	**81,695**	**238,587**	**6,680,903**
New assets originated or purchased	**396,735**	-	-	**396,735**
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	**403,975**	-	**403,975**
Transfer to stage 3	-	-	**23,666**	**23,666**
At 31 December 2019	**6,757,356**	**485,670**	**262,253**	**7,505,279**
ECL impairment allowance as at 1 January 2019				
Gross carrying amount as at 1 January 2019	-	25,911	238,587	264,498
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	-	(10,989)	-	(10,989)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	-	**14,922**	**238,587**	**253,509**
Group				
31 December 2018				
Gross carrying amount as at 1 January 2018	4,588,216	58,930	172,104	4,819,250
New assets originated or purchased	1,772,405	22,765	66,483	1,861,653
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	6,360,621	81,695	238,587	6,680,903
ECL impairment allowance as at 1 January 2018	-	25,911	232,026	257,937
Gross carrying amount as at 1 January 2018	-	-	-	-
New assets originated or purchased	-	-	6,561	6,561
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	-	25,911	238,587	264,498

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Company				
31 December 2019				
Gross carrying amount as at 1 January 2019	6,360,621	81,695	238,587	6,680,903
New assets originated or purchased	396,735	-	-	396,735
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	403,975	-	403,975
Transfer to stage 3	-	-	23,666	23,666
At 31 December 2019	**6,757,356**	**485,670**	**262,253**	**7,505,279**
ECL impairment allowance as at 1 January 2019		25,911	238,587	264,498
Gross carrying amount as at 1 January 2019	-	25,911	238,587	264,498
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	-	(10,989)	-	(10,989)
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2019	**-**	**14,922**	**238,587**	**253,509**
Company				
31 December 2018				
Gross carrying amount as at 1 January 2018	4,588,216	58,930	172,104	4,819,250
New assets originated or purchased	1,772,405	22,765	66,483	1,861,653
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	6,360,621	81,695	238,587	6,680,903
ECL impairment allowance as at 1 January 2018	-	25,911	232,026	257,937
Gross carrying amount as at 1 January 2018	-	-	-	-
New assets originated or purchased	-	-	6,561	6,561
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
At 31 December 2018	-	25,911	238,587	264,498

17. Operating lease assets

Group	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2018	10,729,929	33,813	27,169,390	92,871	374,907	38,400,910
Additions	2,257,330	312	5,035,314	8,741,057	-	16,034,013
Disposal	(910,255)	-	-	-	-	(910,255)
Write-off		-	(64,151)	-	-	(64,151)
Acquisition of JV assets (Note 18.1)	-	-	-	(8,741,057)	-	(8,741,057)
Exchange difference	271,966	-	-	-	(32)	271,934
At 31 December 2018	12,348,970	34,125	32,140,553	92,871	374,875	44,991,394
Additions	2,141,819	2,731	569,267	1,221,171	-	3,934,988
Transfer from EPIC International FZE			-			-
Disposal	(694,354)	-	-	-	-	(694,354)
Exchange difference	(1,026,521)		179,239	(92,872)	(9,727)	(949,881)
At 31 December 2019	**12,769,914**	**36,856**	**32,889,059**	**1,221,170**	**365,148**	**47,282,147**
Accumulated depreciation						
At 1 January 2018	6,980,527	24,980	3,952,406	-	275,610	11,233,523
Charge in the year	1,739,798	2,484	2,036,387	-	17,274	3,795,943
Disposals / write-offs	(848,991)	-	(21,384)	-	-	(870,375)
Exchange difference	140,407	-	-	-	5,172	145,579
At 31 December 2018	8,011,741	27,464	5,967,409	-	298,056	14,304,670
Charge for the year	1,931,590	2,864	1,752,605	-	19,189	3,706,248
Transfer from EPIC International FZE			-			-
Disposals / write-offs	(643,568)	-	-	-	-	(643,568)
Exchange difference	(659,238)		27,265		(9,581)	(641,554)
At 31 December 2019	**8,640,525**	**30,328**	**7,747,279**	**-**	**307,664**	**16,725,796**
Carrying amount:						
At 31 December 2019	**4,129,389**	**6,528**	**25,141,780**	**1,221,170**	**57,484**	**30,556,351**
At 31 December 2018	4,337,229	6,661	26,173,144	92,871	76,819	30,686,724

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17. Operating lease assets (Cont'd)

Company	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2018	4,458,458	33,813	6,168,515	-	310,013	10,970,799
						-
Additions	778,581	312	1,203,177	8,741,057	-	10,723,127
Write-off	-	-	(64,151)	-	-	(64,151)
Acquisition of JV assets (Note 18.1)	-	-	-	(8,741,057)	-	(8,741,057)
Disposals	(5,840)	-	-	-	-	(5,840)
At 31 December 2018	5,231,199	34,125	7,307,541	-	310,013	12,882,878
Additions	455,555	2,731	103,607	381,441		943,334
Transfer from EPIC International FZE	-		11,027,084			11,027,084
Disposals	(190,525)	-	-	-	-	(190,525)
At 31 December 2019	5,496,229	36,856	18,438,232	381,441	310,013	24,662,771
Accumulated depreciation						
At 1 January 2018	3,742,803	24,984	2,224,704	-	214,211	6,206,702
Charge	429,399	2,484	484,330	-	19,189	935,402
Write off	-	-	(21,384)	-	-	(21,384)
Disposals	(5,840)	-	-	-	-	(5,840)
At 31 December 2018	4,166,362	27,468	2,687,650	-	233,400	7,114,880
Charge for the year	456,750	2,864	475,736	-	19,189	954,539
Transfer from EPIC International FZE	-	-	2,797,655	-	-	2,797,655
Disposals	(190,525)	-	-	-	-	(190,525)
At 31 December 2019	4,432,587	30,332	5,961,041	-	252,589	10,676,549
Carrying amount						
At 31 December 2019	**1,063,642**	**6,524**	**12,477,191**	**381,441**	**57,424**	**13,986,222**
At 31 December 2018	1,064,837	6,657	4,619,891	-	76,613	5,767,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Property, plant and equipment

Group

	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Marine equipment	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost									
At 1 January 2018	875,210	85,968	323,345	48,596	-	493,725	767,141	77,239	2,671,224
Additions	141,280	3,598	32,528	14,085	11,133	4,738	29,523	-	236,885
Revaluation surplus	-	-	-	-	-	3,567	-	-	3,567
Disposals	(201)	-	(374)	(3,500)	-	-	-	-	(4,075)
Exchange difference	67,929	572	5,158	-	-	(39,381)	(7,533)	-	26,745
At 31 December 2018	1,084,218	90,138	360,657	59,181	11,133	462,649	789,131	77,239	2,934,346
Additions	176,460	8,902	41,060	2,329	-	1,335	-	-	230,086
Reclassifications	-	-	-	-	-	-	77,239	(77,239)	-
Disposals	(72,525)	(522)	(3,986)	-	-	-	-	-	(77,033)
Exchange difference	(120,553)	(2,180)	(5,353)	-	-	7,583	(5,636)	-	(126,139)
At 31 December 2019	1,067,600	96,338	392,378	61,510	11,133	471,567	860,734	-	2,961,260
Accumulated depreciation									
At 1 January 2018	560,319	64,680	272,896	35,184	-	153,623	-	-	1,086,702
Charge	153,294	7,624	25,980	6,848	2,227	10,214	-	-	206,187
Disposals	(25)	-	(375)	(3,500)	-	-	-	-	(3,900)
Exchange difference	13,456	337	(1,212)	-	-	1,496	-	-	14,077
At 31 December 2018	727,044	72,641	297,289	38,532	2,227	165,333	-	-	1,303,066
Charge for the year	179,677	7,822	26,262	6,208	2,227	8,971	-	-	231,167
Disposal in the year	(60,060)	(568)	(4,337)	-	-	-	-	-	(64,965)
Exchange difference	(82,131)	(1,668)	(4,132)	-	-	732	-	-	(87,199)
At 31 December 2019	**764,530**	**78,227**	**315,082**	**44,740**	**4,454**	**175,036**	**-**	**-**	**1,382,069**
Carrying amount									
At 31 December 2019	**303,070**	**18,111**	**77,296**	**16,770**	**6,679**	**296,531**	**860,734**	**-**	**1,579,191**
At 31 December 2018	357,174	17,497	63,368	20,649	8,906	297,316	789,131	77,239	1,631,280

Construction in progress relates to capital cost incured in the Company's building complex. When completed and available for use, they are transfered to the respective property, plant and equipment classes and depreciation commences.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Property, plant and equipment (Cont'd)

Company

	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Marine equipment N'000	Buildings N'000	Land N'000	Construction in progress N'000	Total N'000
Valuation/Cost									
At 1 January 2018	262,770	72,774	297,770	48,596	-	440,370	735,994	77,239	1,935,513
Additions	-	2,829	27,189	14,085	11,133	4,738	29,523	-	89,497
Revaluation surplus	-	-	-	-	-	3,567	-	-	3,567
Reclassifications	-	-	-	-	-	13,974	(13,974)	-	
Disposal	-	-	-	(3,500)	-	-	-	-	(3,500)
At 31 December 2018	262,770	75,603	324,959	59,181	11,133	462,649	751,543	77,239	2,025,077
Additions	-	6,386	33,799	2,329	-	-	-	-	42,514
Reclassifications	-	-	-	-	-	-	77,239	(77,239)	-
Disposal in the year	(11,600)	-	-	-	-	-	-	-	(11,600)
At 31 December 2019	**251,170**	**81,989**	**358,758**	**61,510**	**11,133**	**462,649**	**828,782**	**-**	**2,055,991**
Accumulated depreciation									
At 1 January 2018	250,028	56,904	253,030	35,185	-	153,623	-	-	748,770
Charge	3,094	5,582	18,184	6,848	2,227	7,250	-	-	43,183
Disposal in the year	-	-	-	(3,500)	-	-	-	-	(3,500)
At 31 December 2018	253,122	62,486	271,214	38,533	2,227	160,873	-	-	788,453
Charge for the year	4,720	5,459	20,592	6,209	2,227	7,636	-	-	46,843
Disposal in the year	(11,600)	-	-	-	-	-	-	-	(11,600)
At 31 December 2019	**246,242**	**67,945**	**291,806**	**44,742**	**4,454**	**168,509**		**-**	**823,696**
Carrying amount									
At 31 December 2019	**4,928**	**14,044**	**66,952**	**16,768**	**6,679**	**294,140**	**828,782**	**-**	**1,232,295**
At 31 December 2018	9,648	13,117	53,745	20,648	8,906	301,776	751,543	77,239	1,236,624

There was no revaluation of assets during the year ended 31 December 2019.

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
19. Intangible assets				
Computer software				
Cost				
At 1 January	**221,548**	183,149	**163,267**	161,556
Additions	**332**	38,399	-	1,711
Exchange difference	**(8,715)**	-	-	-
At 31 December	**213,165**	**221,548**	**163,267**	163,267
Accumulated amortisation				
At 1 January	**176,379**	167,194	**159,509**	152,701
Amortisation charge	**5,180**	8,995	**3,758**	6,808
Exchange difference	**8,416**	190		
At 31 December	**189,975**	176,379	**163,267**	159,509
Carrying amount				
At 31 December	**23,190**	45,169	-	3,758

Amortisation charged in the year is included in other operating expenses.

The software is not internally generated.

20. Balances due to banks				
First City Monument Bank Plc	**580**	-	**580**	-
Access Bank Plc	**129,788**	-	**129,460**	-
Diamond Bank Plc	**664,463**	859,060	**696,443**	859,060
Stanbic Facility Account	**1,128**		**1,128**	
First Security Discount House	**82**	-	**82**	-
Citi Bank	**31**	31	**31**	31
Fidelity Bank Plc	**497,653**	-	**497,653**	-
Zenith Bank Plc	**8,070**	(8,838)	**8,070**	(8,838)
First Bank of Nigeria Ltd	**(808)**	-	**(808)**	-
United Bank for Africa	**4,462**	-	-	-
Keystone Bank		(2,812)	-	(2,812)
Intercontinental Bank - Cedi	**6,412**	36,476	-	-
	1,311,861	883,917	**1,332,639**	847,441

20.1 These are balances obtained from banks during the year.

21. Commercial notes				
Institutional clients	**3,983,653**	2,981,449	**3,984,661**	2,982,234
Individual clients	**10,349,403**	7,745,708	**10,318,809**	7,722,891
	14,333,056	10,727,157	**14,303,470**	10,705,125
21.1 Analysis of commercial notes				
Current	**14,333,056**	10,727,157	**14,303,471**	10,705,125
Non-current	-	-	-	-
	14,333,056	10,727,157	**14,303,471**	10,705,125

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
22. Trade and other payables				
Financial liabilities:				
Trade payables	-	-	-	-
Statutory deductions (WHT, PAYE)	**1,083,619**	645,320	**823,897**	452,466
Accounts payable	**4,493,076**	4,974,831	**3,421,724**	4,840,879
Advance payment received on account	**737,202**	727,688	**737,202**	727,688
Deferred rental income	**24,387**	3,200	**24,387**	3,200
Defined contribution pension plan (Note 23.1)	**20,991**	54,251	**20,991**	54,251
	6,359,275	6,405,290	**5,028,201**	6,078,484
Non-financial liabilities:				
Accrued expenses	**844,807**	669,686	**490,560**	353,923
Total trade and other payables	**7,204,082**	**7,074,976**	**5,518,761**	6,432,407
22.1 Defined contribution pension plan				
At 1 January	**54,251**	33,899	**54,251**	33,899
Contributions	296,941	620,920	**296,941**	620,920
Remittances	(330,201)	(600,568)	**(330,201)**	(600,568)
At 31 December	**20,991**	54,251	**20,991**	54,251

22.2 The Group make 10% and its employees make a contribution of 8% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
23. Taxation				
23.1 Income tax expense				
Income tax	**52,314**	167,622	**75,919**	55,979
Education tax	**15,184**	11,154	**15,184**	11,154
Technology tax	**5,712**	13,134	**5,712**	13,134
Police Trust Fund Levy	**29**	-	**29**	-
Current income tax	**73,239**	191,910	**96,844**	80,267
Back duty audit by FIRS (2012 - 2015)	-	150,560	-	150,560
Deferred tax charge	-	-	-	-
Income tax expense	**73,239**	342,470	**96,844**	230,827
Reconciliation of effective tax rate				
The income tax expense for the period can be reconciled to the accounting profit as follows:				
Profit before tax	**1,012,661**	931,320	**572,658**	668,341
Tax calculated using the domestic corporation tax rate of 30%	**303,798**	279,396	**171,797**	200,502
Effect of tax rates in foreign jurisdictions	**(155,606)**	(275,471)	-	-
Tax income exempt	**(264,399)**	(24,637)	**(264,399)**	(270,301)
Non-deductible expenses	**308,686**	130,469	**308,686**	219,644
Effect of education tax levy	**15,184**	6,548	**15,184**	11,154
Effect of technology tax levy	**5,712**	-	**5,712**	13,134
Effect of minimum tax	-	27,243	-	-
Effect of police trust fudn levy	**29**		**29**	
Effect of disposal of items of PPE	**12,099**	-	**12,099**	630
Tax reliefs	**(151,837)**	(98,222)	**(151,837)**	(103,835)
Total income tax expense	**73,666**	45,327	**97,271**	70,929

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
23.2 Current income tax liability				
At 1 January	**144,494**	139,275	**85,559**	139,275
Charge (Note 24.1)	**185,179**	139,393	**96,843**	80,267
Withholding tax credit notes utilised	**-**	(169,485)	**-**	(169,294)
Payments	**(144,493)**	(115,249)	**(85,559)**	(115,249)
Back duty tax	**-**	150,560	**-**	150,560
At 31 December	**185,180**	144,494	**96,843**	85,559
23.3 Current income tax assets				
At 1 January	-	(55,178)	-	-
Charge	-		-	
Refunds	-	55,178	-	-
At 31 December	-	-	-	-
23.4 Deferred income tax assets				
At the end	(854,607)	(854,607)	(854,607)	(854,607)
23.4.1 Analysis of deferred income tax assets				
Property, plant and equipment	**(854,607)**	(854,607)	**(854,607)**	(854,607)
	(854,607)	(854,607)	**(854,607)**	(854,607)
23.5 Deferred income tax liability				
At 1 January	**129,214**	168,082	-	-
Exchange difference	**(41,068)**	(38,868)	-	-
At 31 December	**88,146**	129,214	-	-
24. Borrowings				
Term loans (Note 25.2)	**7,632,251**	8,832,819	**5,717,862**	2,716,721
Finance lease facilities (Note 25.3)	**7,976,819**	5,732,799	**3,660,159**	2,481,330
Redeemable bonds (Note 25.4)	**5,726,157**	7,259,510	**5,594,367**	6,854,178
	21,335,227	21,825,128	**14,972,388**	12,052,229

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the period (December 2018 : Nil).

	Group 31 December 2019 N'000	Group 31 December 2018 N'000	Company 31 December 2019 N'000	Company 31 December 2018 N'000
24.1 Movement in borrowings				
At 1 January	**21,825,128**	18,125,421	**12,052,229**	6,444,123
Proceedsof new loans during the year	**12,055,316**	12,055,316	**17,966,561**	11,848,844
Repayment of loans during the year	**(13,236,141)**	(8,936,516)	**(15,046,403)**	(6,240,738)
Foreign currency translation and exchange loss on foreign currency denominated loans	**690,924**	580,907	**-**	-
At 31 December	**21,335,227**	21,825,128	**14,972,387**	12,052,229
24.2 Term loans				
First City Monument Bank Plc (Note 25.2.2)	**1,124,158**	-	**1,124,158**	-
B.V. Scheepswerf Damen Gorinchem, The Netherlands (Note 25.2.3)	**2,107,462**	3,158,679	**-**	-
Financial Derivative Company Limited	**1,451,251**	945,853	**1,451,251**	945,853
Bank of industry (Note 25.2.4)	**2,213,351**	3,218,445	**2,213,351**	-
Secured lease notes (Note 25.2.5)	**736,029**	1,509,842	**929,102**	1,770,868
	7,632,251	8,832,819	**5,717,862**	2,716,721

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
24.2.1 Analysis of term loans				
Current	**1,432,654**	1,658,013	**1,485,667**	705,883
Non-current	**6,199,597**	7,174,806	**4,232,195**	2,010,838
	7,632,251	8,832,819	**5,717,862**	2,716,721

24.2.2 First City Monument Bank Plc

Facility represents US $1,875,000 term loan secured from First City Monument Bank Plc in 2020 for a period of 48 months to part finance acquisition of a vessel and balance on the N500 million IDF line for marine operation. The interest on the loan is 9% per annum Dollar interest rate

24.2.3 B.V. Scheepswerf Damen Gorinchem, The Netherlands

Facility represents US $22,185,680 term loan secured from B.V. Scheepswerf Damen Gorinchem, The Netherlands, for a period of five years. The interest on the loan is 4.8% per annum. The facility is required to enable the Company meets its financial obligations on acquisition of new vessels. The facility was obtained by EPIC International FZE, U.A.E. The loan stood at $5,838,171 as at 31 December, 2019.

24.2.4 Bank of Industry

Facility represents US $11,880,000 term loan secured from the Bank of Industry Limited on 8 February 2017, for a period of five years including six months moratorium period. The interest on the loan is 6.5% per annum. Loan is secured by bank guarantee from First City Monument Bank Plc.

24.2.5 Secured Leased Notes

Facility represents amount obtained from various individual and institutional investors under term loan agreement at interest of 9% per annum. The facility was obtained for construction of vessels for the Company. As security for the facility, the investors are given equity holdings in the vessels being constructed. The tenor for the facility ranges between 50 - 60 months.

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
24.3 Finance lease facilities				
Diamond Bank Plc (Note 25.3.2)	**1,492,860**	1,582,446	**1,492,860**	1,582,446
Stanbic IBTC Bank (Note 25.3.3)	**1,275,180**	1,774,015	**435,284**	508,239
First Bank of Nigeria Ltd (Note 25.3.4)	**312**	49,807	**312**	49,807
Barclays Bank Ghana (Note 25.3.5)	**1,284,497**	1,331,503	**-**	-
STANDBY LETTER OF CREDIT-FCMB	**292,201**		**292,201**	
FSDH Merchant Bank Ltd	**856,508**	-	**856,508**	-
Growth & Development Ltd	**-**	149,458	**-**	149,458
Intercontinental Bank, Ghana	**16,465**	104,522	**-**	-
Fidelity Bank Ltd	**222,140**	191,380	**222,140**	191,380
Lotus Capital	**291,504**		**291,504**	
Union Bank Plc	**69,350**		**69,350**	
Others	**2,175,802**	549,668	**-**	-
	7,976,819	5,732,799	**3,660,159**	2,481,330
24.3.1 Analysis of finance lease facility				
Current	**3,874,018**	2,784,188	**1,831,196**	1,241,422
Non-current	**4,102,801**	2,948,611	**1,828,963**	1,239,908
	7,976,819	5,732,799	**3,660,159**	2,481,330

24.3.2 Access Bank Plc (formerly Diamond Bank Plc)

Facility represents N1.2 billion term loan secured from Access Bank Plc (former Diamond Bank Plc) for a period of 48 months and renew annually to finance lease contracts. The interest is 18% per annum. The loan is secured by the vehicles purchased with the loan.

24.3.3 Stanbic IBTC Bank Plc

Facility represents N700 million finance lease facility secured from Stanbic IBTC Bank Limited in February 2010 for a period of three years. The interest on the facility is 18% per annum. The facility was secured by legal ownership of assets finance under the lease contract.

24.3.4 First Bank of Nigeria Limited

This facility represents N2 billion equipment lease facility secured from First Bank of Nigeria Limited on 10 February 2011 for a period of four years. The interest on the facility is 18% per annum. The facility was secured by corporate guarantee of C&I Leasing Plc.

24.3.5 Barclays Bank of Ghana

This facility represents the Ghana Cedi equivalent of USD 4,121,623 term loan secured from Stanbic Bank on 30 January 2014 for a period of 48 months and renew annually to finance lease contracts. The interest on the loan is the base rate plus 4.25%. The loan is secured by the vehicles purchased with the loan.

	Group		Company	
	30 June 2019 N'000	31 December 2018 N'000	**30 June 2019 N'000**	31 December 2018 N'000
24.4 Redeemable bonds				
FSDH Merchant Bank Ltd (Note 25.4.2)	**283,745**	708,912	**151,955**	303,580
Convertible bond (Note 25.4.3)		-	-	-
Fixed rate 5 years senior secured bond (Note 25.4.4)	**5,442,412**	6,550,598	**5,442,412**	6,550,598
	5,726,157	7,259,510	**5,594,367**	6,854,178
24.4.1 Analysis of redeemable bonds				
Current	**1,108,676**	1,108,676	**804,058**	984,219
Non-current	**4,617,481**	6,150,834	**4,790,309**	5,869,959
	5,726,157	7,259,510	**5,594,367**	6,854,178

24.4.2 FSDH Merchant Bank Ltd

The redeemable bonds represent N600 million notes issued by subscribers (as indicated above) on 30 November 2016 for a period of five years. Interest on the notes is payable at 18% per annum. The loan is repayable at six monthly intervals over a period of five (5) years. The loan is direct, unconditional and secured obligation of C&I Leasing Plc.

Redeemable bonds include financial instruments classified as liabilities measured at amortised cost.

24.4.3 Convertible bond

This represents 5 years USD375,000 each convertible bonds, in an aggregate principal amount of USD3,000,000.00 issued in 2014 by Leasafric Ghana Limited.

24.4.4 Fixed rate 5years senior secured bond

a) Analysis	**N'000**
Total Bond Amount	7,000,000
Less: Costs of issue	(160,300)
Less: Underwriting Fees	(161,000)
Net proceeds received	**6,678,700**

b) Note

This is a five (5) years N7 billion series 1, 16.54% fixed rate senior secured bond due 11 June 2023, issued by C & I Leasing Plc on 11 June 2018, with an issue price of N1,000 at par. Coupon is at a minimum of 300bps above equivalent Federal Government of Nigeria bond yield. The proceeds of the bond are for business expansion, repayment and restructuring of existing facilities and commercial papers as well as working capital financing. The bonds are redeemable at par. The bonds are irrevocable, direct, secured, senior, and unconditional obligations of C & I Leasing Plc and rank pari passu among themselves.

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
25. Share capital				
25.1 Authorised share capital				
3,000,000,000 ordinary shares of 50k each	**1,500,000**	1,500,000	**1,500,000**	1,500,000
25.2 Issued and fully paid				
404,252,000 (2018 : 1,617,010,000) ordinary shares of 50k each	**202,126**	202,126	**202,126**	202,126
25.3 Share premium				
At 31 December	**1,285,905**	1,285,905	**1,285,905**	1,285,905
26. Retained earnings				
At 1 January	**2,767,444**	1,960,108	**769,604**	657,899
Impact of adopting IFRS 9	**-**	(34,343)	**-**	(34,343)
Transfers between reserves (Note 39.1)	**-**	34,343	**-**	34,343
Restated balance at 1 January 2019	**2,767,444**	1,960,108	**769,604**	657,899
Dividend declared and paid	**(30,320)**	-	**(30,320)**	-
Transfer from statement of profit or loss	**1,019,313**	1,133,146	**475,814**	437,514
Transfer to statutory reserve	**(47,582)**	(65,627)	**(47,582)**	(65,627)
Transfer from statutory credit reserve	**(484,571)**	(260,183)	**(484,571)**	(260,182)
At 31 December	**3,224,284**	2,767,444	**682,945**	769,604
27. Deposit for shares (Convertible)				
At 1 January	**1,975,000**	2,283,312	**1,975,000**	2,283,312
Repayment of loan stock	**-**	(324,640)	**-**	(324,640)
Exchange difference	**-**	16,328	**-**	16,328
At 31 December	**1,975,000**	1,975,000	**1,975,000**	1,975,000

27.1 This represents US$12,486,143.09 unsecured variable coupon convertible notes issued to Aureos Africa LLC (now wholly owned by Abraaj Advisers Nigeria Limited) on 11 January 2010 for a period of five years. The interest to be paid on the notes, is equivalent, in any period, to dividend declared by C&I Leasing Plc and payable on the equivalent number of ordinary shares underlying the loan stock. As at 31 December 2019, the Company intended to convert the loan notes to its equity and had elected to include the notes in equity as deposit for shares. The amount outstanding as at 31 December 2019 is US$10,000,000 (2018: US$10,000,000).

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
28. Statutory reserve				
At 1 January	**1,187,207**	1,121,580	**799,182**	733,555
Transfer from statement of profit or loss	**47,582**	65,627	**47,582**	65,627
At 31 December	**1,234,789**	1,187,207	**846,764**	799,182

The Nigerian banking regulations requires the Group to make an annual appropriation to a statutory reserve. As stipulated in S. 6 (2) of the Revised Guidelines for Finance Companies in Nigeria issued by the Central Bank of Nigeria (CBN), an appropriation of 15% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 10% of profit after tax if the statutory reserve is greater than the paid-up share capital.

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
29. Statutory credit reserve				
At 1 January	**373,682**	160,600	**373,682**	147,842
Impact of adopting IFRS 9	**-**	(34,343)	**-**	(34,343)
Impact of adopting IFRS 9 - component entity	**-**	(12,758)	**-**	-
Arising in the year	**484,571**	260,183	**484,571**	260,183
At 31 December	**858,253**	373,682	**858,253**	373,682

The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Prudential Guidelines (as prescribed by the Central Bank of Nigeria) is recorded in this reserve. This reserve is non-distributable.

	Group		Company	
30. Foreign currency translation reserve				
At 1 January	**2,978,402**	1,126,805	**-**	-
Arising in the year	**(958,303)**	1,851,597	**-**	-
At 31 December	**2,020,099**	2,978,402	**-**	-

This represents net exchange difference arising from translation of reserve balances of foreign entity at the CBN secondary market intervention (SMIS) window rate. The rate used in prior year was the CBN official rate.

	Group		Company	
31. Fair value reserve				
At 1 January	**5,161**	5,288	**5,161**	5,288
Gain/(loss) arising in the year	**(228)**	(127)	**(228)**	(127)
At 31 December	**4,933**	5,161	**4,933**	5,161

Fair value reserve represents gains or losses arising from marked to market valuation on equity instruments measured at fair value through other comprehensive income.

	Group		Company	
32. Revaluation reserve				
At 1 January	**716,490**	683,400	**716,490**	683,400
Arising during the year	**-**	33,090	**-**	33,090
At 31 December	**716,490**	716,490	**716,490**	716,490

Revaluation reserve relates to surplus arising from the revaluation of land and buildings included in property, plant and equipment. No revaluation was carried out as at the end of the reporting period.

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	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
33. Non-controlling interest				
At 1 January	**336,185**	271,567	**-**	-
Share of profit from Leasafric Ghana Ltd and C&I Leasing FZE	**(79,891)**	64,618	**-**	-
At 31 December	**256,294**	336,185	**-**	-
34. Cash and cash equivalents				
Cash and balances with banks	**1,989,532**	1,712,543	**512,287**	1,419,542
Balance due to banks	**(1,311,861)**	(883,917)	**(1,332,639)**	(847,441)
	677,671	828,626	**(820,352)**	572,101
35. Impairment charges / (write-back)				
35.1 Impairment loss per income statement				
Loans and receivables	**1,361**	(4,208)	**1,361**	(4,208)
Trade and other receivables	**84,347**	3,932	**8,907**	(188,416)
Finance lease receivables	**82**	198	**82**	198
Other assets	**(10,989)**	6,561	**(10,989)**	6,561
	74,801	6,483	**(639)**	(185,865)
35.2 Summary analysis of IFRS and prudential impairment allowance				
Loans and receivables	**14,901**	17,445	**14,901**	17,445
Trade and other receivables	**272,122**	266,462	**263,162**	266,462
Finance lease receivables	**15,140**	15,057	**15,140**	15,058
Due to related parties	**-**	-	**55,077**	50,737
Other assets	**253,509**	264,498	**253,509**	264,498
Inventories	**52,074**	52,074	**52,075**	52,075
Total IFRS impairment losses	**607,746**	615,536	**653,864**	666,275
Analysis of provision for loan losses per prudential guidelines				
Loans and advances	**17,562**	1,756	**17,562**	1,756
Lease rental due	**26,526**	15,121	**26,526**	15,121
Trade and other receivables	**441,150**	470,747	**441,150**	470,747
Finance lease receivables	**30,087**	535	**30,087**	535
Due to related parties	**55,077**	101,474	**55,077**	101,474
Other assets	**515,959**	226,494	**515,959**	226,494
Inventories	**52,074**	52,073	**52,074**	52,073
Total prudential provision for losses	**1,138,435**	868,200	**1,138,435**	868,200

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
36. Lease rental income				
Finance lease	**20,466,757**	16,866,009	**13,640,705**	9,774,227
Operating lease	**1,863,993**	2,518,970	**1,367,037**	2,168,824
	22,330,750	19,384,979	**15,007,742**	11,943,051
37. Lease expenses				
Operating lease maintenance expense	**3,784,616**	572,496	**684,109**	72,857
Finance lease assets maintenance	**6,304,314**	7,676,815	**9,352,386**	6,975,799
Lease insurance expense	**526,853**	423,428	**304,899**	196,425
	10,615,783	8,672,739	**10,341,394**	7,245,081
38. Outsourcing income				
a) Outsourcing rental	**8,533,765**	7,108,035	**8,533,765**	7,108,035
b) Outsourcing service expense	**(7,532,511)**	(6,315,473)	**(7,506,548)**	(6,315,473)
Net outsourcing income	**1,001,254**	792,562	**1,027,217**	792,562
39. Tracking and tagging income				
a) Tracking income	**79,187**	218,490	**110,718**	218,490
b) Tracking expenses	**(61,240)**	(81,390)	**(92,771)**	(81,390)
	17,947	137,100	**17,947**	137,100
40. Interest income				
Placements with banks	**180,897**	140,433	**35,366**	78,295
Investment income	-	11,256	-	-
Sinking fund investment on Redeemable Bond	**21,377**	-	**21,377**	-
	202,274	151,689	**56,743**	78,295
41. Other operating income				
Gain on sale of finance lease assets	**110,591**	-	**110,591**	-
Gain on sale of operating lease assets (Note 44.1)	**128,323**	-	**39,113**	-
Gain on sale of property, plant and equipment (Note 44.2)	**23,116**	259,512	**1,220**	59,454
Insurance claims received	**10,614**	7,658	**10,614**	7,658
Insurance income on finance leases	**1,884**	1,643	**1,884**	1,643
Dividend received from EPIC FZE and C&I FZE	-	-	**735,749**	-
Management fee from C&I FZE	-	-	**349,066**	-
Commission/discount income	**238,962**	-	**150,382**	-
Credit balances written back	**74,710**	-	-	-
Income from acquisition of C&I SIFAX JV	-	28,788	-	28,788
Franked investment income	-	40,813	-	40,813
Rent received	**19,200**	19,560	**19,200**	19,560
Foreign exchange gain	**149,201**	124,915	**62,361**	-
Others	**71,938**	328,116	**66,039**	325,129
	828,539	811,005	**1,546,219**	483,045

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
41.1 Gain on sale of operating lease assets				
Gross value	**694,354**	-	**190,525**	-
Accumulated depreciation	**(643,568)**	-	**(190,525)**	-
Carrying amount	**50,786**	-	**-**	-
Proceeds from sale	**179,109**	-	**39,113**	-
Profit/(loss) on disposal	**128,323**	-	**39,113**	-
41.2 Gain on sale of property, plant and equipment				
Gross value	**77,032**	4,075	**11,600**	3,500
Accumulated depreciation	**(64,965)**	(3,900)	**(11,600)**	(3,500)
Carrying amount	**12,067**	175	**-**	-
Proceeds from sale	**35,183**	259,687	**1,220**	59,454
Profit/(loss) on disposal	**23,116**	259,512	**1,220**	59,454
42. Finance Cost				
Finance lease	**1,747,157**	2,455,659	**854,128**	563,885
Commercial notes	**1,725,595**	1,399,194	**1,725,595**	1,399,194
Term loans interest	**48,197**	132,654	**48,197**	132,654
Bank of Industry	**13,408**	-	**13,408**	-
Redeemable bond	**1,082,140**	685,131	**1,082,140**	685,131
B.V. Schweepswerf Damen loan	**1,125,911**	-	**-**	-
	5,742,408	4,672,638	**3,723,468**	2,780,864
43. Depreciation and amortization expense				
Operating lease assets	**3,706,248**	3,542,723	**954,764**	935,401
Property, plant and equipment	**231,168**	230,214	**46,843**	43,184
Amortisation of intangible assets:				
- Computer software	**5,180**	9,074	**3,758**	6,808
	3,942,596	3,782,011	**1,005,365**	985,393
44. Personnel expenses				
Salaries and allowances	**1,390,771**	1,247,726	**1,009,784**	904,746
Pension contribution expense	**74,013**	49,897	**67,217**	43,482
Training and medical	**218,139**	140,831	**162,318**	110,389
	1,682,923	1,438,454	**1,239,319**	1,058,617
45. Distribution expenses				
Marketing	**-**	-	**-**	-
Advertising	**18,690**	15,218	**13,334**	11,816
	18,690	15,218	**13,334**	11,816

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
47. Administrative expenses				
Auditors' remuneration	**33,102**	24,060	**24,800**	16,940
Directors' emoluments	**62,741**	53,976	**45,005**	39,940
Foreign exchange loss		132,005		132,005
Bank charges	**300,515**	324,955	**251,276**	259,451
Fuel and maintenance	**102,614**	137,645	**99,680**	135,106
Insurance	**83,895**	58,863	**83,895**	58,863
Public relations	**11,187**	10,647	**11,187**	10,647
Travel and entertainment	**207,675**	215,010	**186,584**	198,282
Legal and professional expenses	**319,362**	251,146	**276,069**	212,372
Communications	**132,862**	84,937	**107,908**	64,323
Subscriptions	**120,021**	125,749	**110,296**	94,777
Loss on sale of FVOCI financial assets (Note 49.1)	**15,565**	-	**15,565**	-
Levies	**12,487**	11,614	**11,767**	6,234
Other administrative expenses	**467,897**	226,746	**115,958**	148,660
	1,869,923	1,657,353	**1,339,990**	1,377,600
47.1 Loss on sale of FVTOCI financial assets				
Gross value	**23,925**	-	**23,925**	-
Fair value reserve	**(3,662)**	-	**(3,662)**	-
Net fair value	**20,263**	-	**20,263**	-
Proceeds from sale	**4,698**	-	**4,698**	-
Profit/(loss) on disposal	**(15,565)**		**(15,565)**	

48. Earnings per share

Earnings per share (EPS) - basic, have been computed for each period on the profit after tax attributable to ordinary shareholders and divided by the weighted average number of issued N0.50 ordinary shares during the year. While diluted earnings per share is calculated by adjusting the weighted average ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potential dilutive shares in the year ended 31 December 2019 (December 2018 : Nil).

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
Profit after taxation	1,019,313	1,133,146	475,814	437,514
	Number	Number	**Number**	Number
Number of shares at period end	**404,252**	404,252	**404,252**	404,252
Time weighted average number of shares in issue	**404,252**	404,252	**404,252**	404,252
Diluted number of shares	**1,391,753**	1,391,753	**1,391,753**	1,391,753
Earnings per share (EPS) (kobo) - basic	**252.15**	280.31	**117.70**	108.23
Earnings per share (EPS) (kobo) - diluted	**73.24**	81.42	**34.19**	31.44

	Group		Company	
	31 December 2019 N'000	31 December 2018 N'000	**31 December 2019 N'000**	31 December 2018 N'000
49. Information regarding Directors and employees				
49.1 Directors				
49.1.1 Directors' emoluments				
Fees	**38,796**	12,890	**19,870**	9,160
Other emoluments	**23,945**	7,604	**23,945**	7,604
	62,741	20,494	**43,815**	16,764
49.1.2 Fees and emoluments disclosed above excluding pension contributions include amounts paid to:				
The Chairman	**3,000**	3,000	**3,000**	3,000
Other Directors	**59,741**	17,494	**40,815**	13,764
49.1.3 The number of Directors [including the Chairman and the highest paid Director] who received fees and other emoluments [excluding pension contributions] in the following ranges were:				
N - N	**Number**	Number	**Number**	Number
240,001 - 400,000	**-**	-	**-**	-
400,001 - 1,550,000	**10**	10	**7**	7
1,550,001 - 5,000,000	**1**	1	**-**	-
5,000,000 - 8,000,000	**-**	-	**1**	1
8,000,001 - 11,000,000	**1**	1	**1**	1
	12	12	**9**	9
49.2 Employees				
49.2.1 The average number of persons employed by the Group during the year was as follows:				
Managerial	**26**	25	**17**	14
Senior staff	**32**	28	**28**	25
Junior staff	**479**	463	**417**	381
	537	516	**462**	420

	Group		Company	
	31 December 2019 Number	31 December 2018 Number	**31 December 2019 Number**	31 December 2018 Number
49.2.2 The number of employees of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:				
N - N				
250,001 - 370,000	196	149	187	140
370,001 - 420,000	181	209	150	168
430,001 - 580,000	75	80	58	53
580,001 - 700,000	21	20	22	20
700,001 - 750,000	13	14	9	10
840,001 - 850,000	14	12	12	10
1,000,001 - 1,100,000	14	12	7	5
1,100,001 - 1,150,000	6	5	5	4
1,200,001 - 1,400,000	5	5	4	4
1,500,000 - 1,550,000	5	5	4	4
1,650,000 - 2,050,000	7	5	4	2
	537	516	**462**	420

50. Reclassification of comparative figures
Certain comparative figures in these consolidated financial statements have been restated to give a more meaningful comparison.

51. Financial commitments
The Directors are of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the Group have been take into consideration in the preparation of these consolidated and separate financial statements.

52. Contingent assets/(liabilities)
The Group is not subject to any claim and other liabilities nor assets arising in the normal course of the business for the year ended 31 December 2019 (31 December 2018 : Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

53. Related party transactions

The Group is controlled by C & I Leasing Plc, whose shares are widely held. The parent company is a finance company.
A number of transactions are entered into with related parties in the normal course of business.
The volumes of related-party transactions, outstanding balances at the period end, and related expenses and incomes for the year are as follows:

53.1 Intercompany related transactions

The Company booked various intercompany related transactions with other companies within the group under agreeable terms that are comparable with other facilities held in the company's portfolio. Details of these transactions are described below;

			Total transaction value in the period		Balance receivable at:		Balance payable at	
			31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Name of related party	Nature of Relationship	Nature of transaction with related party	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Leasafric Ghana Limited	Subsidiary	Purchases, payments, shared services, loans to and from each party	173,256	50,203	-	-	204,608	31,352
EPIC International FZE United Arab Emirates	Subsidiary	Purchases, payments, shared services, loans to and from each party	3,031,798	1,751,578	13,449,979	10,418,181	-	-
C&I Leasing FZE	Subsidiary	Provision of chartered vessels within the Free trade zone.	125,801	-		-	125,801	-
SIFAX	JV with C& I	Joint venture to execute marine vessle services	535,829	569,484	535,829	-	642,649	642,649
OCS/C&I JV Current account	JV with C& I	Joint venture to execute marine vessle services	37,407	-	37,407	-		-
Petrotech Marine	JV with C& I	Joint venture to execute marine vessle services, however, the JV has been taken over wholly by C and I Leasing Plc	-	-	-	-	-	
Cordros Capital Limited	Common Director	Financial Advisers and investment in commercial papers	125,890	125,890	-		237,236	237,236
Leadway Group	Common Director	Insurance Business	-	-	-	-	-	-
Emeka Ndu	Non-Executive Director	Director's fees and Sitting allowance	4,220,000	4,220,000	-	-	-	-
Andrew Otike-Odibi	Executive Director	Salary	-	-	-	-	-	-
Alexander Mbakogu	Executive Director	Salary	-	-	-	-	-	-
Maureen Ogbonna	Key Mgt. Personnel	Salary	-	-	-	-	-	-
Adesoji Ayeola	Key Mgt. Personnel	Salary	-	-	-	-	-	-
Oguturin Babatunde	Key Mgt. Personnel	Salary	-	-	-	-	-	-
Wisdom Nwogu	Key Mgt. Personnel	Salary	-	-	-	-	-	-
			8,249,981	6,717,155	14,023,215	10,418,181	1,210,293	911,236

The loans to subsidiaries are non-collaterised loans and advances at below market rates of 10%. These loans have been eliminated on consolidation and do not form part of the reported Group loans and advances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

54. Segment reporting
54.1 Segment results of operations
The segment information provided to the Group management committee for the reportable segments for the year ended 31 December 2019:

	Fleet management	Personnel outsourcing	Marine services	Citrack	Total
	N'000	N'000	N'000	N'000	N'000
Gross earnings	**4,802,849**	**8,558,805**	**12,253,742**	**218,811**	**25,834,208**
Operating income	4,328,206	8,359,555	9,214,795	208,823	22,111,379
Operating expenses	(2,777,738)	(7,506,548)	(7,546,717)	(109,709)	(17,940,713)
Depreciation and amortisation	(503,268)	(6,428)	(494,117)	(1,553)	(1,005,365)
Impairment loss		-			-
Personnel expense	(287,579)	(121,639)	(801,189)	(28,912)	(1,239,319)
Other operating expenses	(440,615)	(177,293)	(688,153)	(47,263)	(1,353,324)
Profit before taxation	**319,006**	**547,647**	**(1,981,791,401)**	**(77,628,820)**	**572,658**
Total assets employed	1,908,991	1,251,192	12,520,534	104,325	15,785,043
Interest expense	474,644	199,249	3,039,586	9,989	3,723,468
Earnings before interest and tax	793,650	746,897	2,724,205	31,374	4,296,126
ROCE (EBIT / total asset)	**42%**	**60%**	**22%**	**30%**	**27%**

Geographical information

	31 December 2019	31 December 2018
	N'000	N'000
1. Revenue		
Nigeria	**24,432,582**	20,338,710
Ghana	**4,408,722**	4,642,482
United Arab Emirates	**3,712,232**	3,200,799
	32,553,536	28,181,991

	31 December 2019	31 December 2018
	N'000	N'000
2. Total assets		
Nigeria	**43,475,500**	36,249,910
Ghana	**6,236,451**	6,641,679
United Arab Emirates	**6,523,774**	9,720,899
	56,235,725	52,612,488

The segment information provided to the Group management committee for the reportable segments for the year ended 31 December 2018:

	Fleet management	Personnel outsourcing	Marine services	Citrack	Total
	N'000	N'000	N'000	N'000	N'000
Gross earnings	**3,888,026**	**7,206,319**	**9,014,464**	**229,902**	**20,338,711**
Operating income	3,355,137	7,024,501	6,968,646	209,562	17,557,846
Operating expenses	(2,104,330)	(6,315,473)	(5,140,751)	(81,390)	(13,641,944)
Depreciation and amortisation	(469,642)	(7,905)	(505,705)	(2,141)	(985,393)
Impairment loss					-
Personnel expense	(258,957)	(106,991)	(657,340)	(35,329)	(1,058,617)
Other operating expenses	(280,622)	(303,484)	(568,544)	(50,902)	(1,203,552)
Profit before taxation	**241,586**	**290,648**	**96,306**	**39,800**	**668,340**
Total assets employed	4,066,064	2,348,780	8,848,553	284,456	15,547,853
Interest expense	532,889	181,818	2,045,817	20,340	2,780,864
Earnings before interest and tax	774,474	472,465	2,142,123	60,142	3,449,204
ROCE (EBIT / total asset)	**19%**	**20%**	**24%**	**21%**	**22%**

	31 December 2018	31 December 2017
	N'000	N'000
54.2 Geographical information		
1. Revenue		
Nigeria	**20,338,710**	16,314,946
Ghana	**4,642,482**	3,801,857
United Arab Emirates	**3,200,799**	1,254,894
	28,181,991	21,371,697

	31 December 2018	31 December 2017
	N'000	N'000
2. Total assets		
Nigeria	**36,249,910**	29,280,850
Ghana	**6,641,679**	6,001,019
United Arab Emirates	**9,720,899**	9,699,436
	52,612,488	44,981,305

55. Events after the reporting date

55.1. Coronavirus pandemic

As at 31 December 2019, China had reported to the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan, identified as coronavirus (COVID -19), there was little confirmed evidence of human-to-human transmission at that time and the WHO did not declare the outbreak to be a public health emergency of international concern until 31 January 2020.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the world. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The Federal Government of Nigeria (FGN) and the Central Bank of Nigeria (CBN) have responded with monetary and fiscal interventions to tackle the impact of the coronavirus and to stabilise economic conditions.

The CBN has announced commencement of a three-month repayment moratorium for all Federal Government of Nigeria funded loans issued by the Bank of Industry, Bank of Agriculture and the Nigeria Export Import Bank. N1.1 trillion (USD 3 billion) to boost critical sectors of the economy. For on-lending facilities, financial institutions have been directed to engage International development partners and negotiate concessions to ease the pains of the borrowers. The Federal Government seeks to cut planned spending in the 2020 budget by about NGN1.5 trillion (USD4 billion), including a 20 percent cut to capital expenditure and a 25 percent cut to recurrent expenditure.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position as at 31 December 2019 and financial performance for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of Federal Government of Nigeria and Central Bank of Nigeria responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and financial performance of the Group for future years.

55.2 Rights issue

During quarter 4 in 2019, the company had a rights issue of N2.264 billion. The rights issue closed on 13 January 2020. As at reporting date, N1.404 billion has been received from the rights which has not been alloted. This is currently going through routine approval by the regulatory authorities - Central Bank of Nigeria (CBN) and the Securities and Exchange Commission, Nigeria (SEC). This has not been adjusted for in the financial statements for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2019

GROUP

	31 December 2019 N'000	%	31 December 2018 N'000	%
Gross income	32,553,536		28,181,992	
Interest expense	(5,742,408)		(4,672,638)	
	26,811,128		23,509,354	
Bought in goods and services:				
- Local	(14,460,860)		(12,226,578)	
- Foreign	-		-	
Value added	12,350,268	100	11,282,776	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	1,682,923	14	1,438,454	13
To pay government:				
Current income tax	73,239	1	191,910	2
To pay shareholders:				
Dividend	(30,320)	-	-	-
To pay providers of capital:				
Interest	5,742,408	46	4,672,638	41
Retained for future replacement of assets and expansion of business:				
- Depreciation and amortisation	3,942,596	31	3,782,011	34
- Deferred income tax	-	-	-	-
- Profit for the year	939,422	8	1,197,763	10
	12,350,268	100	11,282,776	100

Value added is the additional wealth created by the efforts of the Group and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

C & I LEASING PLC

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY

	31 December 2019 N'000	%	31 December 2018 N'000	%
Gross income	**25,834,208**		20,338,710	
Interest expense	**(3,723,468)**		(2,780,864)	
	22,110,740		17,557,846	
Bought in goods and services:				
- Local	**(15,600,251)**		(12,261,667)	
- Foreign	**-**		-	
Value added	**6,510,489**	**100**	5,296,179	100
Distribution:				
Payment to employees:				
Salaries, wages and other benefits	**1,239,319**	**19**	1,058,617	20
To pay Government:				
Current income tax	**96,843**	**1**	**33,791**	1
To pay shareholders:				
Dividend	**(30,320)**	**-**	-	-
To pay providers of capital:				
Interest	**3,723,468**	**58**	2,780,864	53
Retained for future replacement of assets and expansion of business:				
- Depreciation and amortisation	**1,005,365**	**15**	985,393	19
- Deferred income tax	**-**	**-**	-	-
- Profit for the year	**475,814**	**7**	437,514	7
	6,510,489	**100**	5,296,179	100

Value added is the additional wealth created by the efforts of the Company and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

C & I LEASING PLC

FINANCIAL SUMMARY - GROUP

	31 December	31 December			
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and balances with banks	**1,989,532**	1,712,543	1,239,836	983,183	1,417,825
Loans and receivables	**557,587**	387,148	351,957	226,512	471,528
Trade and other receivables	**8,700,508**	7,754,625	6,584,292	6,056,406	6,542,523
Finance lease receivables	**3,090,821**	1,999,330	1,515,030	1,728,632	2,433,283
Available for sale assets	**-**	-	26,180	20,044	15,379
Equity instruments at fair value through other comprehensive	**5,562**	**26,053**	-	-	-
Investment in joint ventures	**1,334,226**	755,205	52,634	-	-
Other assets	**7,544,150**	6,759,800	5,533,727	4,450,264	592,190
Operating lease assets	**30,556,351**	30,686,724	27,167,387	22,521,767	15,475,375
Property, plant and equipment	**1,579,191**	1,631,281	1,584,522	1,479,740	1,418,287
Intangible assets	**23,190**	45,169	15,955	27,631	34,321
Current income tax assets	**-**	-	55,178	26,556	22,699
Deferred income tax assets	**854,607**	854,607	854,607	850,965	854,607
Total assets	**56,235,725**	52,612,485	44,981,305	38,371,700	29,278,017
Liabilities					
Balance due to banks	**1,311,861**	883,917	1,120,306	910,963	718,804
Commercial notes	**14,333,056**	10,727,157	9,672,506	7,060,371	5,598,090
Trade and other payables	**7,204,082**	7,074,974	6,655,024	5,337,672	3,309,832
Current income tax liability	**185,180**	144,494	139,275	102,392	464,216
Borrowings	**21,335,227**	21,825,128	18,125,421	16,699,543	13,356,957
Deferred income tax liability	**88,146**	129,214	168,082	167,732	141,125
Total liabilities	**44,457,552**	40,784,884	35,880,614	30,278,673	23,589,024
Equity					
Share capital	**202,126**	202,126	808,505	808,505	808,505
Share premium	**1,285,905**	1,285,905	679,526	679,526	679,526
Deposit for shares	**1,975,000**	1,975,000	2,283,312	2,466,012	2,453,528
Statutory reserve	**1,234,789**	1,187,206	1,121,580	1,039,228	829,325
Statutory credit reserve	**858,253**	373,682	160,600	626,343	613,725
Retained earnings	**3,224,284**	2,767,444	1,960,108	511,859	(54,767)
Foreign currency translation reserve	**2,020,099**	2,978,402	1,126,805	1,097,318	(393,369)
AFS fair value reserve	**4,933**	5,161	5,288	(848)	(5,513)
Revaluation reserve	**716,490**	716,490	683,400	643,246	581,094
	11,521,879	11,491,416	8,829,124	7,871,189	5,512,054
Non-controlling interest	**256,294**	336,185	271,567	221,838	176,939
Total equity	**11,778,173**	11,827,601	9,100,691	8,093,027	5,688,993
Total liabilities and equity	**56,235,725**	52,612,485	44,981,305	38,371,700	29,278,017

C & I LEASING PLC

FINANCIAL SUMMARY - GROUP

	31 December		31 December		
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**32,553,536**	28,181,992	21,371,697	17,015,799	14,577,657
Operating income	**31,974,515**	27,674,198	21,335,872	17,015,799	7,351,019
Operating expenses	**(23,951,942)**	(19,742,240)	(14,002,757)	(11,304,440)	(2,713,031)
Net operating income	**8,022,573**	7,931,958	7,333,115	5,711,359	4,637,988
Impairment charge	**(74,801)**	(6,483)	(235,325)	(604,798)	(130,020)
Depreciation expenses	**(3,942,596)**	(3,782,011)	(3,037,925)	(2,147,560)	(1,968,852)
Personnel expenses	**(1,682,923)**	(1,438,454)	(1,227,219)	(788,638)	(762,388)
Distribution expenses	**(18,690)**	(15,218)	-	-	-
Other operating expenses	**(1,869,923)**	(1,657,353)	(1,591,105)	(1,134,140)	(1,311,089)
Share of profit from joint venture	**579,021**	507,794	20,531	-	-
Profit before tax	**1,012,661**	1,540,233	1,262,072	1,036,223	465,639
Income tax expense	**(73,239)**	(342,470)	(162,783)	(115,357)	(316,871)
Profit after tax	**939,422**	1,197,763	1,099,289	920,866	148,768
Profit from discontinued operation	**-**	-	15,294	-	-
	939,422	1,197,763	1,114,583	920,866	148,768
Profit attributable to:					
Owners of the parent	**1,019,313**	1,133,146	1,064,854	875,968	139,203
Non-controlling interest	**(79,891)**	64,617	49,729	44,899	9,565
	939,422	1,197,763	1,114,583	920,867	148,768
Earnings per share in kobo (basic)	**252.15**	280.31	65.85	54.17	8.61

C & I LEASING PLC

FINANCIAL SUMMARY - COMPANY

	31 December	31 December			
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Statement of financial position					
Assets					
Cash and balances with banks	**512,287**	1,419,542	466,607	255,259	657,616
Loans and receivables	**544,563**	387,151	334,507	226,512	471,528
Trade and other receivables	**13,327,408**	16,791,292	13,987,462	12,625,054	11,945,566
Finance lease receivables	**2,988,108**	1,832,307	1,508,560	1,724,539	1,919,164
Available for sale financial assets	**-**	-	26,180	20,044	15,379
Equity instruments at fair value through other comprehensive income	**5,562**	26,054			
Investments in subsidiaries	**759,467**	758,967	758,967	758,967	1,458,967
Investment in joint ventures	**1,334,226**	755,205	52,634	-	-
Other assets	**7,251,772**	6,416,405	5,331,628	4,254,261	216,695
Operating lease assets	**13,986,222**	5,767,999	4,764,096	5,124,241	5,384,311
Property, plant and equipment	**1,232,294**	1,236,624	1,186,743	1,144,951	1,094,794
Intangible assets	**-**	3,758	8,855	24,472	34,321
Deferred income tax assets	**854,607**	854,607	854,607	854,607	813,120
Total assets	**42,796,517**	36,249,911	29,280,846	27,012,907	24,011,461
Liabilities					
Balance due to banks	**1,332,639**	847,441	1,062,622	803,740	677,208
Commercial notes	**14,303,470**	10,705,125	9,643,606	7,337,187	5,587,884
Trade and other liabilities	**5,518,761**	6,432,407	5,957,998	4,669,794	3,041,772
Current income tax liability	**96,843**	85,559	139,275	102,393	440,816
Borrowings	**14,972,388**	12,052,228	6,444,123	8,377,788	7,610,963
Retirement benefit obligations	**-**	-	33,899	37,024	47,989
Total liabilities	**36,224,101**	30,122,760	23,281,523	21,327,926	17,406,632
Equity					
Share capital	**202,126**	202,126	808,505	808,505	808,505
Share premium	**1,285,905**	1,285,905	679,526	679,526	679,526
Deposit for shares	**1,975,000**	1,975,000	2,283,312	2,466,012	2,453,528
Statutory reserve	**846,764**	799,182	733,555	651,203	651,203
Statutory credit reserve	**858,253**	373,682	147,842	613,585	597,077
Retained earnings	**682,945**	769,604	657,899	(176,753)	1,223,732
Foreign currency translation reserve	**-**	-	-	-	(384,323)
Fair value reserve	**4,933**	5,161	5,288	(848)	(5,513)
Revaluation reserve	**716,490**	716,490	683,400	643,751	581,094
Total equity	**6,572,416**	6,127,150	5,999,327	5,684,981	6,604,829
Total liabilities and equity	**42,796,517**	36,249,910	29,280,850	27,012,907	24,011,461

C & I LEASING PLC

FINANCIAL SUMMARY - COMPANY

	31 December		31 December		
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Income statement					
Gross earnings	**25,834,208**	20,338,710	16,314,946	14,511,291	12,847,336
Operating income	**25,255,187**	19,830,916	16,279,121	14,511,291	12,847,336
Operating expenses	**(21,664,181)**	(16,422,808)	(12,390,188)	(11,633,297)	(9,422,781)
Net operating income	**3,591,006**	3,408,108	3,888,933	2,877,994	3,424,555
Impairment write back / (charge)	**639**	185,865	(235,326)	(604,798)	(129,237)
Depreciation expenses	**(1,005,365)**	(985,393)	(814,978)	(556,472)	(1,174,806)
Personel expenses	**(1,239,319)**	(1,058,617)	(888,042)	(714,557)	(647,069)
Distribution expenses	**(13,334)**	(11,816)	(23,818)	-	-
Other operating expenses	**(1,339,990)**	(1,377,600)	(1,440,388)	(963,785)	(1,067,609)
Share of profit from joint venture	**579,021**	507,794	20,531	-	-
Profit before tax	**572,658**	668,341	506,912	38,382	405,834
Income tax expense	**(96,844)**	(230,827)	(70,949)	(48,592)	(262,803)
Profit/(loss) after tax	**475,814**	437,514	435,963	(10,210)	143,031
Profit from discontinued operation	-	-	15,294	-	-
Profit attributable to:					
Owners of the parent	**475,814**	437,514	435,963	(10,210)	143,031
	475,814	437,514	451,257	(10,210)	143,031
Earnings per share in kobo (basic)	**117.70**	108.23	27.91	(0.63)	8.85