

C & I LEASING PLC

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2021

C & I LEASING PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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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 2021

In accordance with the provisions of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, 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 2021, 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 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, 2020.

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 year, in accordance with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020 and other relevant Central Bank of Nigeria circulars.

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
Vice Chairman
FRC/2013/ICAN/00000003955
Dated: 24 March 2022



Ugoji Lenin Ugoji
Managing Director
FRC/2015/NIM/00000012363
Dated: 24 March 2022

Independent Auditor's Report

To the Shareholders of C&I Leasing Plc

Opinion

We have audited the accompanying consolidated financial statements of C & I Leasing Plc and its subsidiaries (together, "the Group") which comprise the consolidated statement of financial position as at **31 December 2021**, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at **31 December 2021**, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Financial Reporting Council of Nigeria Act, 2011, the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020 and other relevant Central Bank of Nigeria Circulars and Guidelines.

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 consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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.

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 year. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|--|
| <p>Loans and advances ,finance lease receivables and plant and equipment for lease receivable - Impairments</p> <p>The loans and advances ,finance lease receivables and plant and equipment for lease receivable 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 Instruments introduces the expected credit loss model (ECL) for recognizing impairments for financial assets.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> • determining criteria for assigning Probability of Default rates (PD Rates) • assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • incorporating forward looking information in the model building process • 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 <p>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 advances,finance lease receivables and plant and equipment for lease receivable impairment allowance to be a key audit matter in the consolidated financial statements.</p> | <p>We focused our testing of impairment on loans and advances,finance lease receivables and plant and equipment for lease receivable on the assumptions of management and in line with IFRS 9.</p> <p>We reviewed the IT general controls governing the IFRS reporting process employed by the Group in assigning PD's to the financial assets.</p> <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Obtained a detailed understanding of the default definition(s) used in the ECL calculation. • Tested the underlying data behind the determination of the probability of default by agreeing same to underlying supporting documentation. • 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 advances to customers,finance lease receivables and plant and equipment for lease receivable under stages 1, 2 and 3. • For loans and advances,finance lease receivables and plant and equipment for lease receivable classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and advances,finance lease receivables and plant and equipment for lease receivable 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Financial Reporting Council of Nigeria Act, 2011, the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020 and other relevant Central Bank of Nigeria Circulars and Guidelines and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated 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.

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 consolidated financial statements of the current year 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 fifth Schedule of the Companies and Allied Matters Act, 2020, 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, 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

- i) No contravention of the provisions of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circulars was brought to our attention.
- ii) Related party transactions and balances are disclosed in Note 52 to the consolidated financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.


Benson Adejayan, FCA
FRC/2013/ICAN/02226
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Dated: 24 March 2022



C & I LEASING PLC

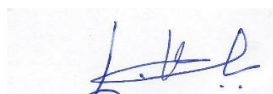
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | | Group | | Company | |
|--|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| | Notes | | | | |
| Assets | | | | | |
| Cash and balances with banks | 9. | 3,190,044 | 1,418,970 | 2,932,822 | 1,155,040 |
| Loans and advances | 10. | 801,289 | 499,410 | 789,831 | 481,520 |
| Finance lease receivables | 11. | 1,731,255 | 2,286,385 | 1,731,255 | 2,286,385 |
| Investment securities at fair value through other comprehensive income | 12. | 9,668 | 7,335 | 9,668 | 7,335 |
| Trade and other receivables | 13. | 7,994,897 | 6,556,968 | 12,121,664 | 9,745,067 |
| Other assets | 14. | 9,102,404 | 7,781,508 | 9,496,613 | 8,075,922 |
| Investment in subsidiaries | 15. | - | - | 759,467 | 759,468 |
| Investment in joint ventures | 16. | 2,857,475 | 2,470,856 | 2,857,475 | 2,470,854 |
| Intangible assets | 17 | 40,531 | 431 | 40,442 | - |
| Plant and equipment for lease | 18 | 30,223,322 | 32,631,064 | 15,276,079 | 17,437,838 |
| Property,plant and equipment | 19 | 1,291,555 | 1,438,021 | 1,164,502 | 1,204,575 |
| Deferred income tax assets | 23.4 | 891,383 | 854,607 | 854,607 | 854,607 |
| Total assets | | 58,133,823 | 55,945,555 | 48,034,425 | 44,478,612 |
| Liabilities | | | | | |
| Balance due to banks | 20. | 978,197 | 928,135 | 978,185 | 918,761 |
| Commercial notes | 21. | 11,501,026 | 15,438,233 | 11,602,430 | 15,438,232 |
| Trade and other payables | 22. | 5,919,283 | 4,770,861 | 5,456,059 | 3,551,866 |
| Current income tax liability | 23.2 | 448,326 | 220,271 | 347,432 | 242,613 |
| Deposit for shares | 27. | 1,975,000 | 1,975,000 | 1,975,000 | 1,975,000 |
| Loans and borrowings | 24. | 23,449,435 | 19,170,768 | 21,475,473 | 15,374,818 |
| Deferred income tax liability | 23.5 | - | 13,545 | - | - |
| Total liabilities | | 44,271,267 | 42,516,813 | 41,834,579 | 37,501,290 |
| Equity | | | | | |
| Share capital | 25.2. | 390,823 | 390,823 | 390,823 | 390,823 |
| Share premium | 25.3. | 3,361,609 | 3,361,609 | 3,361,609 | 3,361,609 |
| Retained earnings | 26. | 3,216,793 | 3,583,738 | 467,963 | 989,145 |
| Other reserves: | | | | | |
| - Statutory reserve | 28. | 1,295,389 | 1,262,039 | 873,770 | 873,770 |
| - Statutory credit reserve | 29. | 351,372 | 625,728 | 380,152 | 638,779 |
| - Foreign currency translation reserve | 30. | 3,646,958 | 2,856,142 | - | - |
| - Fair value reserve | 31. | 9,039 | 6,706 | 9,039 | 6,706 |
| - Assets revaluation reserve | 32. | 716,490 | 716,490 | 716,490 | 716,490 |
| | | 12,988,473 | 12,803,275 | 6,199,846 | 6,977,322 |
| Non-controlling interest | 33. | 874,083 | 625,467 | - | - |
| Total equity | | 13,862,555 | 13,428,742 | 6,199,846 | 6,977,322 |
| Total liabilities and equity | | 58,133,823 | 55,945,555 | 48,034,425 | 44,478,612 |

These consolidated financial statements were approved by the Board of Directors on **24 March 2022** and signed on its behalf by:



Emeka Ndu
Vice Chairman
FRC/2013/ICAN/00000003955



Ugoji Lenin Ugoji
Managing Director
FRC/2015/NIM/00000012363



Alexander Mbakogu
Chief Operation Officer
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 AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Group | | Company | |
|--|-------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| Gross earnings | | 18,041,980 | 19,416,685 | 15,166,097 | 14,709,508 |
| Lease income | 34. | 14,387,198 | 16,071,637 | 10,868,825 | 11,047,956 |
| Lease expense | 35. | (5,812,006) | (6,453,783) | (6,824,534) | (5,989,985) |
| Net lease income | | 8,575,192 | 9,617,854 | 4,044,291 | 5,057,971 |
| Net outsourcing income | 36. | 1,178,821 | 1,602,430 | 1,178,821 | 1,602,430 |
| Tracking income | 37. | 153,639 | 178,123 | 153,639 | 178,123 |
| Tracking expense | 37. | (83,202) | (54,138) | (83,202) | (54,138) |
| Net tracking income | | 70,437 | 123,985 | 70,437 | 123,985 |
| Interest income | 38. | 37,791 | 109,796 | 7,508 | 17,593 |
| Investment income | 39. | 1,546,631 | 668,643 | 2,261,493 | 1,117,883 |
| Other operating income | 40. | 146,280 | 404,802 | 104,191 | 364,269 |
| Impairment (charge)/write back | 41. | (141,879) | (3,206) | (78,700) | 46,001 |
| Depreciation and amortisation expense | 42. | (4,188,723) | (4,006,717) | (2,057,542) | (1,712,618) |
| Personnel expenses | 43. | (1,285,344) | (1,376,966) | (1,143,973) | (1,217,244) |
| Distribution expenses | 44. | (7,183) | (17,378) | (5,835) | (16,244) |
| Other operating expenses | 45. | (948,436) | (1,535,651) | (593,366) | (1,200,605) |
| Operating profit | | 4,983,587 | 5,587,592 | 3,787,326 | 4,183,420 |
| Finance cost | 46. | (5,033,310) | (5,478,718) | (4,180,417) | (4,145,342) |
| Share of profit from joint venture | 16.1 | 591,620 | 381,254 | 591,620 | 381,254 |
| Profit on continuing operations before taxation | | 541,897 | 490,128 | 198,529 | 419,332 |
| Income tax expense | 23.1 | (510,617) | (168,890) | (394,820) | (149,269) |
| Profit/(loss) for the year after tax | | 31,280 | 321,238 | (196,291) | 270,063 |
| Profit/(loss) attributable to: | | | | | |
| Owners of the parent | | (24,431) | 310,508 | (196,291) | 270,063 |
| Non-controlling interests | 33. | 55,711 | 10,730 | - | - |
| | | 31,280 | 321,238 | (196,291) | 270,063 |
| Basic (loss)/earnings per share [kobo] | 47. | (3.13) | 39.72 | (25.11) | 34.55 |
| Diluted (loss)/earnings per share [kobo] | 47. | (1.38) | 17.55 | (11.10) | 15.27 |
| Items that will be subsequently reclassified to profit or loss | | | | | |
| Translation of foreign operations gain | 30. | 983,721 | 1,195,086 | - | - |
| Items that will not be reclassified to profit or loss | | | | | |
| Loss on investment securities at fair value through other comprehensive income | 31. | 2,333 | 1,773 | 2,333 | 1,773 |
| Other comprehensive income (net of tax) | | 986,054 | 1,196,858 | 2,333 | 1,773 |
| Total comprehensive income (net of tax) | | 1,017,334 | 1,518,096 | (193,958) | 271,836 |
| Attributable to: | | | | | |
| Owners of the parent | | 770,923 | 1,133,015 | (193,958) | 271,836 |
| Non-controlling interest | 33. | 246,411 | 385,081 | - | - |
| | | 1,017,334 | 1,518,096 | (193,958) | 271,836 |

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

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| Group | Share capital N'000 | Share premium N'000 | Retained earnings N'000 | Statutory reserve N'000 | Statutory credit reserve 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 |
|--|------------------------|------------------------|----------------------------|----------------------------|-----------------------------------|---|-----------------------------|------------------------------|-----------------------------------|-----------------------|
| At 1 January 2020 | 202,126 | 1,285,905 | 3,224,284 | 1,234,788 | 858,253 | 2,020,101 | 4,933 | 716,492 | 256,294 | 9,803,176 |
| Changes in equity for the year: | | | | | | | | | | |
| Profit for the year | - | - | 310,508 | - | - | - | - | - | 8,727 | 319,235 |
| Other comprehensive income: | | | | | | | | | | |
| Fair value gain for the year | - | - | - | - | - | - | 1,773 | - | - | 1,773 |
| Gain on foreign operations translation | - | - | - | - | - | 836,041 | - | - | 359,044 | 1,195,085 |
| Total comprehensive income for the year | - | - | 310,508 | - | - | 836,041 | 1,773 | - | 367,771 | 1,516,093 |
| Transactions with owners: | | | | | | | | | | |
| New shares issued during the year | 188,697 | 2,075,704 | - | - | - | - | - | - | - | - |
| Transfer between reserves | - | - | 205,275 | 27,250 | (232,525) | - | - | - | 2,002 | 2,002 |
| Dividend Paid | - | - | (156,329) | - | - | - | - | - | (602) | (156,931) |
| | 188,697 | 2,075,704 | 48,946 | 27,250 | (232,525) | - | - | - | 1,400 | 2,109,472 |
| At 31 December 2020 | 390,823 | 3,361,609 | 3,583,738 | 1,262,038 | 625,728 | 2,856,142 | 6,706 | 716,492 | 625,466 | 13,428,742 |
| At 1 January 2021 | 390,823 | 3,361,609 | 3,583,738 | 1,262,038 | 625,728 | 2,856,142 | 6,706 | 716,490 | 625,466 | 13,428,742 |
| Changes in equity for the year | | | | | | | | | | |
| (Loss)/profit for the year | - | - | (24,431) | - | - | - | - | - | 39,812 | 15,381 |
| Other comprehensive income: | | | | | | | | | | |
| Fair value gain for the year | - | - | - | - | - | - | 2,333 | - | - | 2,333 |
| Gain on foreign operations translation | - | - | - | - | - | 790,816 | - | - | 192,905 | 983,721 |
| Total comprehensive income for the year | - | - | (24,431) | - | - | 790,816 | 2,333 | - | 232,716 | 1,001,435 |
| Transactions with owners | | | | | | | | | | |
| Transfer between reserves | - | - | 241,006 | 33,350 | (274,356) | - | - | - | 15,900 | 15,900 |
| Dividend paid | - | - | (583,521) | - | - | - | - | - | - | (583,521) |
| | - | - | (342,515) | 33,350 | (274,356) | - | - | - | 15,900 | (567,621) |
| At 31 December 2021 | 390,823 | 3,361,609 | 3,216,792 | 1,295,388 | 351,372 | 3,646,958 | 9,039 | 716,490 | 874,082 | 13,862,555 |

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

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE Year ended 31 DECEMBER 2021

Company

| | Share capital N'000 | Share premium N'000 | Retained earnings N'000 | Statutory reserve N'000 | Statutory credit reserve N'000 | Fair value reserve N'000 | Revaluation reserve N'000 | Total equity N'000 |
|--|------------------------|------------------------|----------------------------|----------------------------|-----------------------------------|-----------------------------|------------------------------|-----------------------|
| At 1 January 2020 | 202,126 | 1,285,905 | 682,945 | 846,763 | 858,253 | 4,933 | 716,490 | 4,597,415 |
| Changes in equity for the year: | | | | | | | | |
| Profit for the year | - | - | 270,063 | - | - | - | - | 270,063 |
| Other comprehensive income: | | | | | | | | |
| Fair value loss for the year | - | - | - | - | - | 1,773 | - | 1,773 |
| Total comprehensive income for the year | - | - | 270,063 | - | - | 1,773 | - | 271,836 |
| Transactions with owners: | | | | | | | | |
| New shares issued during the year | 188,697 | 2,075,704 | - | - | - | - | - | 2,264,401 |
| Transfer between reserves | - | - | 192,469 | 27,007 | (219,474) | - | - | - |
| Dividend paid | - | - | (156,329) | - | - | - | - | (156,329) |
| | 188,697 | 2,075,704 | 36,140 | 27,007 | (219,474) | - | - | 2,108,072 |
| At 31 Decmeber 2020 | 390,823 | 3,361,609 | 989,148 | 873,770 | 638,779 | 6,706 | 716,490 | 6,977,323 |
| At 1 January 2021 | 390,823 | 3,361,609 | 989,148 | 873,770 | 638,779 | 6,706 | 716,490 | 6,977,325 |
| Changes in equity for the year: | | | | | | | | |
| Loss for the year | - | - | (196,291) | - | - | - | - | (196,291) |
| Other comprehensive income: | | | | | | | | |
| Fair value gain for the year | - | - | - | - | - | 2,333 | - | 2,333 |
| Total comprehensive income for the year | - | - | (196,291) | - | - | 2,333 | - | (193,958) |
| Transactions with owners: | | | | | | | | |
| Transfer between reserves | - | - | 258,627 | - | (258,627) | - | - | - |
| Dividend paid | - | - | (583,520) | - | - | - | - | (583,520) |
| | - | - | (324,893) | - | (258,627) | - | - | (583,520) |
| At 31 December 2021 | 390,823 | 3,361,609 | 467,964 | 873,770 | 380,152 | 9,039 | 716,490 | 6,199,847 |

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 2021

| | Notes | Group | | Company | |
|---|-------|------------------|--------------------|------------------|--------------------|
| | | 2021 N'000 | 2020 N'000 | 2021 N'000 | 2020 N'000 |
| Cash flows from operating activities | | | | | |
| (Loss)/profit after tax | | (24,431) | 310,508 | (196,291) | 270,064 |
| Adjustment for: | | | | | |
| Depreciation of property, plant and equipment | 19 | 166,581 | 195,867 | 44,716 | 45,957 |
| Depreciation of Plant and equipment for lease | 18 | 4,017,155 | 3,810,033 | 2,008,178 | 1,666,661 |
| Amortisation of intangible assets | 17 | 4,986 | 817 | 4,642 | - |
| Impairment charge/(write back) | 41. | 141,879 | 3,206 | 78,700 | (46,001) |
| Profit on disposal of property, plant and equipment | 39. | (1,243,421) | (206,206) | (1,058,433) | (206,206) |
| Profit on disposal of plant and equipment for lease | 39. | - | (175,769) | - | - |
| Foreign currency translation difference | | (1,668,914) | 1,237,178 | - | - |
| Interest income | 38. | (37,791) | (109,796) | (7,508) | (17,593) |
| Finance cost | 46. | 5,033,310 | 5,478,718 | 4,180,417 | 4,145,342 |
| Foreign exchange gain | | (148,681) | - | (148,850) | - |
| Tax expense | 23.1 | 510,617 | 168,890 | 394,819 | 149,269 |
| | | <u>6,751,291</u> | <u>10,713,446</u> | <u>5,300,390</u> | <u>6,007,493</u> |
| Changes in operating assets and liabilities | | | | | |
| Loans and advances | 10. | (356,678) | 59,207 | (363,110) | 64,073 |
| Finance lease receivables | 11. | 555,130 | 814,909 | 555,130 | 712,196 |
| Trade and other receivables | 13. | (1,085,677) | 1,510,470 | (1,864,732) | 2,998,475 |
| Other assets | 14. | (1,406,544) | (269,209) | (1,443,161) | (856,000) |
| Commercial notes | 21. | (3,937,207) | 1,105,177 | (3,835,802) | 1,134,762 |
| Trade and other payables | 22. | 1,148,423 | (2,433,222) | 1,904,192 | (1,966,569) |
| Tax paid | 23.2 | (290,001) | (175,199) | (290,001) | (3,499) |
| Net cash from/ (used in) operating activities | | <u>1,378,736</u> | <u>11,325,579</u> | <u>(37,093)</u> | <u>8,090,931</u> |
| Cash flows from investing activities | | | | | |
| Proceeds from sale of property, plant and equipment | 39. | 1,243,561 | 207,373 | 1,058,433 | 206,206 |
| Purchase of property, plant and equipment | 19 | (39,328) | (19,579) | (4,643) | (18,237) |
| Proceeds from sale of plant and equipment for lease | 39. | 1,707,315 | 223,053 | 1,336,037 | 225 |
| Purchase of plant and equipment for lease | 18 | (1,737,558) | (5,577,329) | (1,182,454) | (5,118,501) |
| Acquisition of intangible assets | 17 | (45,085) | (98) | (45,085) | - |
| Management and operational fee from Joint Venture | | - | (105,162) | (159,443) | (105,162) |
| Share of profit from joint ventures | 16. | (591,620) | (381,254) | (591,620) | (381,254) |
| Interest income | 38. | 37,791 | 109,796 | 7,508 | 17,593 |
| Net cash from/(used in) investing activities | | <u>575,077</u> | <u>(5,543,200)</u> | <u>418,733</u> | <u>(5,399,130)</u> |
| Cash flows from financing activities | | | | | |
| Proceeds from loans and borrowings | 24. | 8,912,397 | 2,608,470 | 8,358,784 | 2,120,631 |
| Repayment of loans and borrowings | 24. | (3,584,080) | (5,217,169) | (2,258,129) | (1,718,202) |
| Proceeds from right issued during the year | | - | 2,264,401 | - | 2,264,401 |
| Share of (loss)/profit by non-controlling interest | 33. | 55,711 | 10,129 | - | - |
| Dividend paid | 26. | (583,520) | (156,329) | (583,520) | (156,329) |
| Interest paid | 46. | (5,033,310) | (5,478,718) | (4,180,417) | (4,145,342) |
| Net cash (used in)/from financing activities | | <u>(232,802)</u> | <u>(5,969,216)</u> | <u>1,336,718</u> | <u>(1,634,841)</u> |
| Increase/(decrease) in cash and cash equivalents | | <u>1,721,012</u> | <u>(186,837)</u> | <u>1,718,357</u> | <u>1,056,960</u> |
| Cash and cash equivalents at 1 January | | <u>490,835</u> | <u>677,672</u> | <u>236,280</u> | <u>(820,680)</u> |
| Cash and cash equivalents at 31 December | 9.1 | <u>2,211,847</u> | <u>490,835</u> | <u>1,954,637</u> | <u>236,280</u> |

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

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CONSOLIDATED STATEMENT OF PRUDENTIAL ADJUSTMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021**, by comparing the provision and impairment as determined under both bases. A reconciliation of this amount is provided below:

| | Company | |
|---|------------------------------|------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 |
| Total Prudential Impairment Provision (Note 29.2.2) | <u>665,825</u> | <u>861,503</u> |
| IFRS impairment provision (Note 29.2.1) | <u>285,673</u> | <u>222,724</u> |
| Difference in impairment provision balances | <u>380,152</u> | <u>638,779</u> |
| Movement in regulatory reserve: | | |
| At 1 January | 638,779 | 858,253 |
| Transfer to statutory credit reserve in the year | <u>(258,627)</u> | <u>(219,474)</u> |
| At 31 December | <u>380,152</u> | <u>638,779</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 Bank 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 2021 to 31 Decemebr 2021**.

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on **24 March 2022**.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The Group's Consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act, 2020 and other relevant Central Bank of Nigeria circulars and Guidelines.

The consolidated 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 Going concern consideration

The Group'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 Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.3 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 IFRS 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 year 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.4 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.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021.

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 transactions 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.

2.6 Changes in accounting policies and disclosures and Standards Issued

2.6.1 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021.

Several standards amendments and interpretations apply for the first time in 2021 but their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

New and amended IFRS Standards

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2021. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

2.6.1.a Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Company has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Both the Phase 1 and Phase 2 the amendments are not relevant to the Company and the Directors of the Company assessed that the application of the amendments has an immaterial impact on the Company's financial statements.

2.6.1.b Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022. In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID- 19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- c) There is no substantive change to other terms and conditions of the lease

The Directors of the Company assessed that the application of the amendments has an immaterial impact on the Company's financial statements.

2.6.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2021

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (including the June 2020 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate OT Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.6.2.a IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
 - A simplified approach (the premium allocation approach) mainly for short-duration contracts
- IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

IFRS 17 will have no impact on the Group, as it does not issue insurance contract.

2.7 Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated 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.

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

2.7.1 Estimates and assumptions

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.

2.8 Standards issued but not yet effective

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 Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.8.2.a IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

IFRS 17 will have no impact on the Group, as it does not issue insurance contract.

2.8.2.b Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

2.8.2.c Amendments to IFRS 3 Business Combinations — Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.8.2.d Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.8.2.e Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.8.2.f Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relates directly to the contract. Cost that relates directly to a contract consists of both the incremental cost of fulfilling that contract. Examples would be direct labour or materials and allocation of other costs that relates directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendment's. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendment in the future will have an impact on the Company's financial statements.

2.8.2.g Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.8.2.h Annual Improvements to IFRS Standards 2018 - 2020 — Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.8.2.i Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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2.8.2.j Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

2.8.2.k Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

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The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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 usually 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 Company 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.

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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 accumulated depreciation and/or accumulated 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.

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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.

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3.9 Financial assets and liabilities

3.9.1 Initial recognition

The Group initially recognises loans and advances, finance lease receivables, Plant and equipment lease receivables, equity securities and/or other debt financial assets on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

a) Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in Net gains/(losses) from financial instruments. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

b) Amortised cost and gross carrying amount

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

c) Effective interest rate method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired ('POCI') financial assets — assets that are credit-impaired at initial recognition — the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

d) Interest income

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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3.9.2 Financial assets - Subsequent measurement

a) Debt instruments

The classification and subsequent measurement of debt instruments depend on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

b) Amortised cost: Assets that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

c) Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Net other gains/(losses)". Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

d) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within "Net gains/(losses) from financial instruments classified as held for trading" in the period in which it arises. Interest income from these financial assets is included in "Interest and similar income".

3.9.3 Business Model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing financial assets is achieved and how cash flows are realized.

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3.9.4 SPPI assessment

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical rate of interest.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

3.9.5 Reclassifications

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.9.6 Modifications

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

a) Equity instruments

The Group subsequently measures all unquoted equity investments at fair value through other comprehensive income. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

3.9.7 Impairment of financial assets

Overview of the ECL principles

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and advances, finance lease receivables, Plant and equipment lease receivables, equity instrument and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

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The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), 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 (12mECL). The 12mECL is the portion of LTECLs 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 LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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 if it is 30 days past due. Based on the above process, the Group's loans and advances, finance lease receivables, Plant and equipment lease receivables, into Stage 1, Stage 2 and Stage 3, as described below:

- **Stage 1:** When loans and advances, finance lease receivables, Plant and equipment lease receivables, are first recognised, the Group recognises an allowance based on 12 months expected credit losses (12mECLs). Stage 1 loans and advances, finance lease receivables, Plant and equipment lease receivables also include receivables where the credit risk has improved and the loans and advances, finance lease receivables, Plant and equipment lease receivables have been reclassified from Stage 2.
- **Stage 2:** When a loans and advances, finance lease receivables, Plant and equipment lease receivables has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 trade receivable also include facilities, where the credit risk has improved and the loans and advances, finance lease receivables, Plant and equipment lease receivables have been reclassified from Stage 3.
- **Stage 3:** These are loans and advances, finance lease receivables, Plant and equipment lease receivables considered as 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.

The calculation of ECLs

The Group calculates ECLs based on a single scenario 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 part repayments of total debts or amount owed and whether scheduled by contract or otherwise.
- **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 Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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When estimating the ECLs, the Group considers only a single scenario which is considered to be the most likely scenario. When relevant, the assessment also incorporates how defaulted debts are expected to be recovered, including the probability that the loans and advances will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

The mechanics of the ECL method are summarised below:

Stage 1

- The 12mECL is calculated as the portion of LTECLs 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 12mECL 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 four scenarios, as explained above.

Stage 2

When a loans and advances, finance lease receivables, Plant and equipment lease receivables debt has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above 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 loans and advances, finance lease receivables, Plant and equipment lease receivables debt considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans and advances, finance lease receivables, Plant and equipment lease receivables. 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 four scenarios, discounted by the credit-adjusted EIR.

Credit-impaired financial

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are 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:

- there is significant financial difficulty of a customer (potential bad debt indicator);
- there is a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the Customer's financial difficulty, granting to the Customer a concession that the Group would not otherwise consider;
- it becomes probable that a counterparty/Customer may enter bankruptcy or other financial reorganisation;
- there is the disappearance of an active market for a financial asset because of financial difficulties; or
- observable data indicates that there is a measurable decrease in the estimated future cash flows from a Group of financial assets;
- the financial asset is 90 days and above past due.

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A loans and advances , finance lease receivables, Plant and equipment lease receivables debt that has been renegotiated due to a deterioration in the Customer's financial 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. In addition, loans and advances that is overdue for 90 days or more is considered impaired.

3.9.8 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.

3.9.9 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 as 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.

3.9.11 Presentation of allowance for ECL

loans and advances , finance lease receivables, Plant and equipment lease receivables 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;
- loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision, and
- 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 is recognised in the fair value reserve.

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3.9.12 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.

3.9.13 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.

3.9.14 Financial liabilities

Classification and subsequent measurement

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost except for loan commitments and financial guarantee contracts.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

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Financial guarantee contracts , loans and borrowings and other commitments

Financial guarantees contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, other financial institutions on behalf of subsidiary, connected entity, directors, staff to secure loans, overdrafts and other banking facilities.

Loans and borrowings and other commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of the amount of loss allowance and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loans and borrowings and other commitments and financial guarantee contracts, the loss allowance is

3.10 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.

3.10.1 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.

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3.10.2 Financial assets measured at fair value through other comprehensive 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.

3.10.3 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. See further details in note 3.9.

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 Groups.

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.

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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. See further details in note 3.9.

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 years.

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.

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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 Group'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 year 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.

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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 year, 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. See further details in note 3.9.

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. See further details in note 3.9.

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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 property, plant and equipment for lease

Lease income from property, plant and equipment for lease is recognised in statement of profit or loss and other comprehensive income 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 Group 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 Group's net investment in the finance lease. The Group 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.

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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 its 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 Group 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 arising 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 Group'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.

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5. Critical accounting estimates and judgement

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 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.9.3, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Groups of similar financial assets for the purposes of measuring ECL.

5.2 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the financial statements:

5.2.1 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.

5.2.2 Determination of impairment of property, plant and equipment, and intangible 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. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

5.2.3 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.

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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 consolidated statement of financial position are shown based on their classifications in the table below:

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 2021 | | | | |
| Financial assets | | | | |
| Cash and balances with banks | - | 3,190,044 | - | 3,190,044 |
| Loans and advances | - | - | 801,289 | 801,289 |
| Finance lease receivables | - | - | 1,731,255 | 1,731,255 |
| Investment securities at fair value through other comprehensive income | 9,668 | - | - | 9,668 |
| Trade and other receivables | - | - | 7,994,897 | 7,994,897 |
| Other assets | - | - | 9,102,404 | 9,102,404 |
| | <u>9,668</u> | <u>3,190,044</u> | <u>19,629,845</u> | <u>22,829,557</u> |
| Financial liabilities | | | | |
| Balance due to banks | - | 978,197 | - | 978,197 |
| Commercial notes | - | - | 11,501,026 | 11,501,026 |
| Loans and borrowings | - | - | 23,449,435 | 23,449,435 |
| Trade and other payables | - | - | 5,919,283 | 5,919,283 |
| | <u>-</u> | <u>978,197</u> | <u>40,869,745</u> | <u>41,847,941</u> |
| | | | | |
| | 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 2020 | | | | |
| Financial assets | | | | |
| Cash and balances with banks | - | 1,418,970 | - | 1,418,970 |
| Loans and advances | - | - | 499,410 | 499,410 |
| Finance lease receivables | - | - | 2,286,385 | 2,286,385 |
| Investment securities at fair value through other comprehensive income | 7,335 | - | - | 7,335 |
| Trade and other receivables | - | - | 6,556,968 | 6,556,968 |
| | - | - | 7,781,508 | 7,781,508 |
| Other assets | <u>7,335</u> | <u>1,418,970</u> | <u>17,124,271</u> | <u>18,550,576</u> |
| Financial liabilities | | | | |
| Balance due to banks | - | 928,135 | - | 928,135 |
| Commercial notes | - | - | 15,438,233 | 15,438,233 |
| Loans and borrowings | - | - | 19,170,768 | 19,170,768 |
| Trade and other payables | - | - | 4,770,861 | 4,770,861 |
| | <u>-</u> | <u>928,135</u> | <u>39,379,862</u> | <u>40,307,997</u> |

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| | 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 2021 | | | | |
| Financial assets | | | | |
| Cash and balances with banks | - | 2,932,822 | - | 2,932,822 |
| Loans and advances | - | - | 789,831 | 789,831 |
| Finance lease receivables | - | - | 1,731,255 | 1,731,255 |
| Investment securities at fair value through other comprehensive income | 9,668 | - | - | 9,668 |
| Trade and other receivables | - | - | 12,121,664 | 12,121,664 |
| Other assets | - | - | 9,496,613 | 9,496,613 |
| | <u>9,668</u> | <u>2,932,822</u> | <u>24,139,363</u> | <u>27,081,853</u> |
| Financial liabilities | | | | |
| Balance due to banks | - | 978,185 | - | 978,185 |
| Commercial notes | - | - | 11,602,430 | 11,602,430 |
| Loans and borrowings | - | - | 21,475,473 | 21,475,473 |
| Trade and other payables | - | - | 5,456,059 | 5,456,059 |
| | <u>-</u> | <u>978,185</u> | <u>38,533,962</u> | <u>39,512,147</u> |
| | 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 2020 | | | | |
| Financial assets | | | | |
| Cash and balances with banks | - | 1,155,040 | - | 1,155,040 |
| Loans and advances | - | - | 481,520 | 481,520 |
| Finance lease receivables | - | - | 2,286,385 | 2,286,385 |
| Investment securities at fair value through other comprehensive income | 7,335 | - | - | 7,335 |
| Trade and other receivables | - | - | 9,745,067 | 9,745,067 |
| Other assets | - | - | 8,075,922 | 8,075,922 |
| | <u>7,335</u> | <u>1,155,040</u> | <u>20,588,894</u> | <u>21,751,269</u> |
| Financial liabilities | | | | |
| Balance due to banks | - | 918,761 | - | 918,761 |
| Commercial notes | - | - | 15,438,232 | 15,438,232 |
| Loans and borrowings | - | - | 15,374,818 | 15,374,818 |
| Trade and other payables | - | - | 3,551,866 | 3,551,866 |
| | <u>-</u> | <u>918,761</u> | <u>34,364,916</u> | <u>35,283,677</u> |

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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 12 and were valued at N28,500,000 (December 2020: N28,500,000) 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 22% at the year end 31 December 2021, compared to 23% recorded for the year ended 31 December, 2020.

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The table below summarises the composition of regulatory capital and the ratios of the Group for the year presented below. During the year, 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-21 N'000 | 31-Dec-20 N'000 | 31-Dec-21 N'000 | 31-Dec-20 N'000 | |
| Tier 1 capital | | | | | |
| Share capital | 390,823 | 390,823 | 390,823 | 390,823 | |
| Share premium | 3,361,609 | 3,361,609 | 3,361,609 | 3,361,609 | |
| Retained earnings | 3,216,793 | 3,583,738 | 467,963 | 989,145 | |
| Statutory reserve | 1,295,389 | 1,262,039 | 873,770 | 873,770 | |
| Statutory credit reserve | 351,372 | 625,728 | 380,152 | 638,779 | |
| Non-Controlling Interest | 874,083 | 625,467 | - | - | |
| Deferred income tax assets | 891,383 | 854,607 | 854,607 | 854,607 | |
| Sub-Total | 10,381,452 | 10,704,012 | 6,328,925 | 7,108,733 | |
| Less: Intangible assets | (40,531) | (431) | (40,442) | - | |
| Under Provision/Deferred assets | - | - | - | - | |
| Required loan loss reserve | (351,372) | (625,728) | (380,152) | (638,779) | |
| Deferred income tax assets | (891,383) | (854,607) | (854,607) | (854,607) | |
| Total qualifying for tier 1 capital | 9,098,165 | 9,223,245 | 5,053,723 | 5,615,347 | |
| Tier 2 capital | | | | | |
| Deposit for shares | 1,975,000 | 1,975,000 | 1,975,000 | 1,975,000 | |
| Foreign currency translation reserve | 3,646,958 | 2,856,142 | - | - | |
| Fair value reserve | 9,039 | 6,706 | 9,039 | 6,706 | |
| Assets revaluation reserve | 716,490 | 716,490 | 716,490 | 716,490 | |
| Total | 6,347,487 | 5,554,338 | 2,700,529 | 2,698,196 | |
| Total qualifying for tier 2 capital (Maximum of 33.3% of TIER 1 Capital) | 3,029,689 | 3,071,341 | 1,682,890 | 1,869,911 | |
| Total regulatory capital | 12,127,854 | 12,294,586 | 6,736,613 | 7,485,257 | |
| Risk-weighted assets | | | | | |
| | % | | | | |
| Cash and balances with banks | 20% | 638,009 | 283,794 | 586,564 | 231,008 |
| Loans and advances to customers | 100% | 801,289 | 499,410 | 789,831 | 481,520 |
| Finance lease receivables | 100% | 1,731,255 | 2,286,385 | 1,731,255 | 2,286,385 |
| At fair value through other comprehensive income | 100% | 9,668 | 9,668 | 9,668 | 9,668 |
| Trade and other receivables | 100% | 7,994,897 | 6,556,968 | 12,121,664 | 9,745,067 |
| other assets | 100% | 9,102,404 | 7,781,508 | 9,496,613 | 8,075,922 |
| Investment in subsidiaries | 100% | - | - | 759,467 | 759,468 |
| Investment in joint venture | 100% | 2,857,475 | 2,470,856 | 2,857,475 | 2,470,854 |
| Plant and equipment for lease | 100% | 30,223,322 | 32,631,064 | 15,276,079 | 17,437,838 |
| Property,plant and equipment | 100% | 1,291,555 | 1,438,021 | 1,164,502 | 1,204,575 |
| Total risk weighted assets | | 54,649,874 | 53,957,675 | 44,793,118 | 42,702,305 |
| Risk-weighted Capital Adequacy Ratio (CAR) | | 22% | 23% | 15% | 18% |

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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 inability 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 plan members.
- 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 requirements.
- To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

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.

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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 the Group is exposed to due to financial

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 year was as follows:

| | Group | |
|--|-------------------|-------------------|
| | 31-Dec-21 | 31-Dec-20 |
| | N'000 | N'000 |
| Financial assets | | |
| Cash and balances with banks | 3,190,044 | 1,418,970 |
| Loans and advances | 801,289 | 499,410 |
| Finance lease receivables | 1,731,255 | 2,286,385 |
| Investment securities at fair value through other comprehensive income | 9,668 | 7,335 |
| Trade and other receivables | 7,994,897 | 6,556,968 |
| Other assets | 9,102,404 | 7,781,508 |
| | 22,829,557 | 18,550,576 |
| | | |
| | Company | |
| | 31-Dec-21 | 31-Dec-20 |
| | N'000 | N'000 |
| Financial assets | | |
| Cash and balances with banks | 2,932,822 | 1,155,040 |
| Loans and advances | 789,831 | 481,520 |
| Finance lease receivables | 1,731,255 | 2,286,385 |
| Investment securities at fair value through other comprehensive income | 9,668 | 7,335 |
| Trade and other receivables | 12,121,664 | 9,745,067 |
| Other assets | 9,496,613 | 8,075,922 |
| | 27,081,853 | 21,751,269 |

8.3.2 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

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.

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8.2.2 Liquidity risks (Cont'd)

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 | | | |
| At 31 December 2021 | | | |
| Balance due to banks | 978,197 | - | 978,197 |
| Commercial notes | 6,900,615 | 4,600,410 | 11,501,026 |
| Loans and borrowings | 4,784,356 | 18,665,079 | 23,449,435 |
| Trade and other payables | 5,919,283 | - | 5,919,283 |
| | 18,582,451 | 23,265,489 | 41,847,941 |
| 31 December 2020 | | | |
| Balance due to banks | 928,135 | - | 928,135 |
| Commercial notes | 15,438,233 | - | 15,438,233 |
| Loans and borrowings | 5,932,620 | 13,238,148 | 19,170,768 |
| Trade and other payables | 4,770,861 | - | 4,770,861 |
| | 27,069,849 | 13,238,148 | 40,307,997 |
| Company | | | |
| At 31 December 2021 | | | |
| Balance due to banks | 978,185 | - | 978,185 |
| Commercial notes | 6,961,458 | 4,640,972 | 11,602,430 |
| Loans and borrowings | 3,168,060 | 18,307,413 | 21,475,473 |
| Trade and other payables | 5,456,059 | - | 5,456,059 |
| | 16,563,762 | 22,948,385 | 39,512,147 |
| 31 December 2020 | | | |
| Balance due to banks | 918,761 | - | 918,761 |
| Commercial notes | 15,438,232 | - | 15,438,232 |
| Loans and borrowings | 5,009,949 | 10,364,868 | 15,374,817 |
| Trade and other payables | 3,551,866 | - | 3,551,866 |
| | 24,918,808 | 10,364,868 | 35,283,676 |

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.

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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 intrim consolidated 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.

8.3.6 Market price risk

Investments by the Group in financial assets fairvalue through other comprehensive income 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 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | N'000 | N'000 | N'000 | N'000 |
| 9. Cash and bank balances | | | | |
| Cash in hand | 7,415 | 37,215 | 661 | 31,889 |
| Bank balances | 992,708 | 1,381,755 | 775,490 | 1,123,151 |
| Placement with banks (Note 9.2) | 2,189,921 | - | 2,156,671 | - |
| | <u>3,190,044</u> | <u>1,418,970</u> | <u>2,932,822</u> | <u>1,155,040</u> |
| 9.1 Cash and cash equivalent per statement of cash flow | | | | |
| Cash in hand | 7,415 | 37,215 | 661 | 31,889 |
| Bank balances | 992,708 | 1,381,755 | 775,490 | 1,123,151 |
| Placement with banks | 2,189,921 | - | 2,156,671 | - |
| Bank overdrafts (Note 20) | (978,197) | (928,135) | (978,185) | (918,761) |
| | <u>2,211,847</u> | <u>490,835</u> | <u>1,954,637</u> | <u>236,279</u> |
| 9.2 Placement with bank | | | | |
| Gross investment amount | 2,192,076 | - | 2,158,826 | - |
| Impairment | (2,155) | - | (2,155) | - |
| | <u>2,189,921</u> | <u>-</u> | <u>2,156,671</u> | <u>-</u> |
| 10 Loans and advances | | | | |
| Lease rental due (Note 10.2) | 758,188 | 465,722 | 758,188 | 465,722 |
| Loans and advances (Note 10.1) | 43,101 | 33,688 | 31,643 | 15,798 |
| Net loans and advances | <u>801,289</u> | <u>499,410</u> | <u>789,831</u> | <u>481,520</u> |
| 10.1 Loans and advances | | | | |
| Gross loans and advances | 60,663 | 35,452 | 49,205 | 17,562 |
| Impairment allowance on loans and advances (Note 10.3) | (17,562) | (1,764) | (17,562) | (1,764) |
| Net loans and advances | <u>43,101</u> | <u>33,688</u> | <u>31,643</u> | <u>15,798</u> |
| 10.2 Lease rental due | | | | |
| Gross finance lease receivable | 809,297 | 477,829 | 809,297 | 477,829 |
| Impairment allowance (Note 10.2a) | (51,109) | (12,107) | (51,109) | (12,107) |
| Carrying amount finance lease due | <u>758,188</u> | <u>465,722</u> | <u>758,188</u> | <u>465,722</u> |
| 10.1a Analysis of Loans and advances by security | | | | |
| Secured | - | - | - | - |
| Otherwise secured | 801,289 | 499,410 | 789,831 | 481,520 |
| | <u>801,289</u> | <u>499,410</u> | <u>789,831</u> | <u>481,520</u> |
| 10.1b Loans and advances are further analysed as follows: | | | | |
| Less than one year | 796,462 | 446,703 | 739,286 | 450,705 |
| More than one year and less than five years | 4,827 | 2,707 | 50,545 | 30,815 |
| More than five years | - | - | - | - |
| | <u>801,289</u> | <u>449,410</u> | <u>789,831</u> | <u>481,520</u> |

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10.1c 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 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|----------------|
| Group | | | | |
| Gross carrying amount as at 1 January 2021 | 17,889 | - | 17,563 | 35,452 |
| New assets originated or purchased | 25,211 | - | - | 25,211 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 43,100 | - | 17,563 | 60,663 |
| ECL impairment allowance as at 1 January 2021 | - | 1,429 | 335 | 1,764 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | 15,798 | 15,798 |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | (1,429) | 1,429 | - |
| At 31 December 2021 | - | - | 17,562 | 17,562 |
| Group | | | | |
| Gross carrying amount as at 1 January 2020 | 13,027 | - | 17,563 | 30,590 |
| New assets originated or purchased | 4,862 | - | - | 4,862 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 17,889 | - | 17,563 | 35,452 |
| ECL impairment allowance as at 1 January 2020 | - | 1,429 | 335 | 1,764 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | - | 1,429 | 335 | 1,764 |

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| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|----------------|
| Company | | | | |
| Gross carrying amount as at 1 January 2021 | - | - | 17,562 | 17,562 |
| New assets originated or purchased | 31,643 | - | - | 31,643 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 31,643 | - | 17,562 | 49,205 |
| ECL impairment allowance as at 1 January 2021 | - | 1,429 | 335 | 1,764 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | - | - | 15,798 | 15,798 |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | (1,429) | 1,429 | - |
| At 31 December 2021 | - | - | 17,562 | 17,562 |
| Company | | | | |
| Gross carrying amount as at 1 January 2020 | - | - | 17,562 | 17,562 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | - | - | 17,562 | 17,562 |
| ECL impairment allowance as at 1 January 2020 | - | 1,429 | 335 | 1,764 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | - | 1,429 | 335 | 1,764 |

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10.2a Impairment allowance on lease rental due

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

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|----------------|
| Group | | | | |
| Gross carrying amount as at 1 January 2021 | 427,529 | 35,885 | 14,414 | 477,828 |
| New assets originated or purchased | 334,541 | 32,462 | 7,289 | 374,291 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | (33,171) | (9,652) | (42,823) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 762,070 | 35,176 | 12,051 | 809,296 |
| ECL impairment allowance as at 1 January 2021 | 4,206 | 3,256 | 4,645 | 12,107 |
| New assets originated or purchased | (2,188) | 13,870 | 27,320 | 39,002 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 2,018 | 17,126 | 31,965 | 51,109 |
| Group | | | | |
| Gross carrying amount as at 1 January 2020 | 524,177 | 1,541 | 16,184 | 541,902 |
| New assets originated or purchased | (62,304) | - | (1,770) | (64,074) |
| Assets derecognised or repaid | - | - | - | - |
| Transfer to stage 1 | (34,344) | 34,344 | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 427,529 | 35,885 | 14,414 | 477,828 |
| ECL impairment allowance as at 1 January 2020 | 6,531 | 5,968 | 638 | 13,137 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (1,030) | - | - | (1,030) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (1,295) | (2,712) | 4,007 | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 4,206 | 3,256 | 4,645 | 12,107 |

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| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|----------------|
| Company | | | | |
| Gross carrying amount as at 1 January 2021 | 427,529 | 35,885 | 14,414 | 477,828 |
| New assets originated or purchased | 106,614 | 140,073 | 84,781 | 331,468 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 534,143 | 175,958 | 99,195 | 809,296 |
| ECL impairment allowance as at 1 January 2021 | 4,206 | 3,256 | 4,645 | 12,107 |
| New assets originated or purchased | (2,188) | 13,870 | 27,320 | 39,002 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 2,018 | 17,126 | 31,965 | 51,109 |
| Company | | | | |
| Gross carrying amount as at 1 January 2020 | 524,177 | 1,541 | 16,184 | 541,902 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (62,304) | - | (1,770) | (64,074) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (34,344) | 34,344 | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 427,529 | 35,885 | 14,414 | 477,828 |
| ECL impairment allowance as at 1 January 2020 | 6,531 | 5,968 | 638 | 13,137 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (1,030) | - | - | (1,030) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (1,295) | (2,712) | 4,007 | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 4,206 | 3,256 | 4,645 | 12,107 |

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| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 11 Finance lease receivables | | | | |
| 11.1 Not due for recovery | | | | |
| Gross finance lease receivable | 3,924,254 | 5,302,711 | 3,924,254 | 5,302,711 |
| Unearned lease interest/maintenance (Note 11.3) | (2,191,472) | (3,011,660) | (2,191,472) | (3,011,660) |
| Net investment in finance lease not due | 1,732,782 | 2,291,051 | 1,732,782 | 2,291,051 |
| Impairment allowance (Note 11.4) | (1,527) | (4,666) | (1,527) | (4,666) |
| Carrying amount finance lease not due | 1,731,255 | 2,286,385 | 1,731,255 | 2,286,385 |

11.1 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.

11.2 Impairment allowance on finance lease receivables not due for recovery

Analysis of changes in the gross carrying amount and the corresponding ECL allowance in relation to finance lease receivables not due for recovery is as follows:

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|------------------|
| Group | | | | |
| Gross carrying amount as at 1 January 2021 | 2,291,051 | - | - | 2,291,051 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (558,269) | - | - | (558,269) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 1,732,782 | - | - | 1,732,782 |
| ECL impairment allowance as at 1 January 2021 | 4,666 | - | - | 4,666 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (3,139) | - | - | (3,139) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 1,527 | - | - | 1,527 |
| Group | | | | |
| Gross carrying amount as at 1 January 2020 | 3,105,961 | - | - | 3,105,961 |
| New assets originated or purchased | 2,579,099 | - | - | 2,579,099 |
| Assets derecognised or repaid | (1,255,231) | - | - | (1,255,231) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 13.2) | (2,138,778) | - | - | (2,138,778) |
| At 31 December 2020 | 2,291,051 | - | - | 2,291,051 |
| ECL impairment allowance as at 1 January 2020 | 15,140 | - | - | 15,140 |
| New assets originated or purchased | (7,512) | - | - | (7,512) |
| Assets derecognised or repaid | (1,037) | - | - | (1,037) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 13.2) | (1,925) | - | - | (1,925) |
| At 31 December 2020 | 4,666 | - | - | 4,666 |

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| Company | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| Gross carrying amount as at 1 January 2021 | 2,291,051 | - | - | 2,291,051 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (558,269) | - | - | (558,269) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 1,732,782 | - | - | 1,732,782 |
| ECL impairment allowance as at 1 January 2021 | 4,666 | - | - | 4,666 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (3,139) | - | - | (3,139) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 1,527 | - | - | 1,527 |
| Company | | | | |
| Gross carrying amount as at 1 January 2020 | 3,003,248 | - | - | 3,003,248 |
| New assets originated or purchased | 2,579,099 | - | - | 2,579,099 |
| Assets derecognised or repaid | (1,152,518) | - | - | (1,152,518) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 13.2) | (2,138,778) | - | - | (2,138,778) |
| At 31 December 2020 | 2,291,051 | - | - | 2,291,051 |
| ECL impairment allowance as at 1 January 2020 | 15,140 | - | - | 15,140 |
| New assets originated or purchased | (7,512) | - | - | (7,512) |
| Assets derecognised or repaid | (1,037) | - | - | (1,037) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 13.2) | (1,925) | - | - | (1,925) |
| At 31 December 2020 | 4,666 | - | - | 4,666 |

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| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 12. Investment securities at fair value through other comprehensive income | | | | |
| Listed equity (Note 12.1) | 9,668 | 7,335 | 9,668 | 7,335 |
| 12.1 Movement in investment securities at fair value through other comprehensive income | | | | |
| At 1 January | 28,500 | 28,500 | 28,500 | 28,500 |
| Addition | - | - | - | - |
| Disposal | - | - | - | - |
| | 28,500 | 28,500 | 28,500 | 28,500 |
| Fairvalue loss/Impairment allowance (Note 12.3) | (18,832) | (21,165) | (18,832) | (21,165) |
| At 31 December 2021/ 31 December 2020 | 9,668 | 7,335 | 9,668 | 7,335 |
| 12.2 Analysis of equity instruments | | | | |
| FBN Holdings Plc | 16,500 | 16,500 | 16,500 | 16,500 |
| Fidelity Bank Plc | 12,000 | 12,000 | 12,000 | 12,000 |
| | 28,500 | 28,500 | 28,500 | 28,500 |
| 12.3 Movement in fair value reserve/impairment allowance | | | | |
| At 1 January | 21,165 | 22,938 | 21,165 | 22,938 |
| Loss from changes in fair value recognised in OCI (Note 31) | (2,333) | (1,773) | (2,333) | (1,773) |
| At the end | 18,832 | 21,165 | 18,832 | 21,165 |
| 13. Trade and other receivables | | | | |
| Plant and equipment for lease receivables | 5,860,676 | 5,640,109 | 4,821,787 | 4,086,279 |
| Account receivable others | 1,423,012 | 483,445 | 1,098,376 | 176,870 |
| Receivable from related companies (Note 13.1) | 912,036 | 565,869 | 6,325,831 | 5,573,935 |
| | 8,195,724 | 6,689,423 | 12,245,994 | 9,837,084 |
| Impairment allowance (Note 13.2) | (200,827) | (132,455) | (124,330) | (92,017) |
| | 7,994,897 | 6,556,968 | 12,121,664 | 9,745,067 |
| 13.1 Analysis of receivable from related companies: | | | | |
| Leasafric Ghana Limited | - | - | - | (265,087) |
| Leasafric Ghana Logistics limited | 67,594 | 121,617 | - | - |
| C&I Leasing FZE | - | - | - | 46,596 |
| C&I/Sifax JV Current account | 776,512 | 401,090 | 776,512 | 401,090 |
| OCS/C&I JV Current account | 71,881 | 44,585 | 71,881 | 44,585 |
| EPIC International FZE, United Arab Emirates | - | - | 5,503,046 | 5,370,928 |
| C&I Motors Ltd. | - | - | - | - |
| CI-Trans Global | - | - | - | - |
| Gross receivable from related parties | 915,987 | 567,292 | 6,351,439 | 5,598,112 |
| Impairment allowance | (3,951) | (1,423) | (25,608) | (24,177) |
| Net receivable from related parties | 912,036 | 565,869 | 6,325,831 | 5,573,935 |

13.2 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 excluding on receivable from related parties is as follows:

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| Group | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|------------------|
| Gross carrying amount as at 1 January 2021 | 5,802,285 | 713,823 | 173,315 | 6,689,423 |
| New assets originated or purchased | 4,021,479 | 286,560 | - | 4,308,039 |
| Assets derecognised or repaid | (3,632,230) | (81,544) | - | (3,713,774) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | 13,422 | (13,422) | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 6,191,534 | 932,261 | 159,893 | 7,283,688 |
| ECL impairment allowance as at 1 January 2021 | 15,345 | 20,783 | 96,327 | 132,455 |
| New assets originated or purchased | 31,787 | 36,585 | - | 68,372 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (2,645) | 2,645 | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 44,487 | 60,013 | 96,327 | 200,827 |
| Group | | | | |
| Gross carrying amount as at 1 January 2020 | 8,458,439 | 302,054 | 212,137 | 8,972,630 |
| New assets originated or purchased | 814,910 | - | - | 814,910 |
| Assets derecognised or repaid | (5,198,073) | - | (38,822) | (5,236,895) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (411,769) | 411,769 | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 11.2) | 2,138,778 | - | - | 2,138,778 |
| At 31 December 2020 | 5,802,285 | 713,823 | 173,315 | 6,689,423 |
| ECL impairment allowance as at 1 January 2020 | 91,298 | 4,828 | 175,996 | 272,122 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (59,998) | - | 35,069 | (24,929) |
| Amount written off | (1,925) | - | (114,738) | (116,663) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (15,955) | 15,955 | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 11.2) | 1,925 | - | - | 1,925 |
| At 31 December 2020 | 15,345 | 20,783 | 96,327 | 132,455 |

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| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|------------------|
| Company | | | | |
| Gross carrying amount as at 1 January 2021 | 3,639,114 | 450,720 | 173,315 | 4,263,149 |
| New assets originated or purchased | 1,370,454 | 286,560 | - | 1,657,014 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | 13,422 | (13,422) | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 5,009,568 | 750,702 | 159,893 | 5,920,163 |
| ECL impairment allowance as at 1 January 2021 | 5,239 | 21,929 | 64,849 | 92,017 |
| New assets originated or purchased | 17,074 | 15,239 | - | 32,313 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 22,313 | 37,168 | 64,849 | 124,330 |
| Company | | | | |
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Gross carrying amount as at 1 January 2020 | 7,110,179 | 38,951 | 212,137 | 7,361,267 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (5,198,074) | - | (38,822) | (5,236,896) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (411,769) | 411,769 | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 11.2) | 2,138,778 | - | - | 2,138,778 |
| At 31 December 2020 | 3,639,114 | 450,720 | 173,315 | 4,263,149 |
| ECL impairment allowance as at 1 January 2020 | 81,192 | 5,974 | 175,996 | 263,162 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | (59,998) | - | 35,069 | (24,929) |
| Amount written off | (1,925) | - | (146,216) | (148,141) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | (15,955) | 15,955 | - | - |
| Transfer to stage 3 | - | - | - | - |
| Reclassified (Note 11.2) | 1,925 | - | - | 1,925 |
| At 31 December 2020 | 5,239 | 21,929 | 64,849 | 92,017 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 14. Other assets | | | | |
| Prepayments | 301,873 | 415,994 | 236,498 | 325,619 |
| Withholding tax receivables | 5,773,489 | 5,179,697 | 5,825,064 | 5,229,174 |
| Insurance claims receivables | - | - | - | - |
| Value added tax Receivable | 46,575 | 14,638 | - | - |
| Dividend receivables | - | - | 665,528 | 513,276 |
| Inventories (Note 14.1) | 2,628,962 | 2,000,910 | 2,613,809 | 1,981,933 |
| Other debit balances | 364,968 | 206,188 | 169,177 | 61,839 |
| | 9,115,867 | 7,817,427 | 9,510,076 | 8,111,841 |
| Impairment allowance on other assets (Note 14.3) | (13,464) | (35,919) | (13,463) | (35,919) |
| | 9,102,404 | 7,781,508 | 9,496,613 | 8,075,922 |
| 14.1 Analysis of Inventories | | | | |
| Spare parts | 2,033,588 | 1,967,216 | 2,023,826 | 1,951,760 |
| Tracking devices | - | 65,734 | - | 65,734 |
| Fuel Dump-PMS | 5,397 | 20,034 | 7 | 16,513 |
| Goods in transit | 642,051 | - | 642,050 | - |
| | 2,681,036 | 2,052,984 | 2,665,883 | 2,034,007 |
| Impairment allowance on inventories | (52,074) | (52,074) | (52,074) | (52,074) |
| | 2,628,962 | 2,000,910 | 2,613,809 | 1,981,933 |

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14.2 Impairment allowance on other assets

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

| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|------------------|
| Group | | | | |
| Gross carrying amount as at 1 January 2021 | 5,544,052 | 236,706 | 35,759 | 5,816,517 |
| New assets originated or purchased | 670,388 | - | - | 670,388 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 6,214,440 | 236,706 | 35,759 | 6,486,905 |
| ECL impairment allowance as at 1 January 2021 | 17,777 | 17,957 | 185 | 35,919 |
| New assets originated or purchased | - | - | 270 | 270 |
| Assets derecognised or repaid | (12,028) | (10,698) | - | (22,726) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 5,749 | 7,259 | 455 | 13,464 |
| Group | | | | |
| Gross carrying amount as at 1 January 2020 | 4,929,308 | 485,670 | 262,253 | 5,677,231 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | 614,744 | - | - | 614,744 |
| Amount written off | - | - | (226,494) | (226,494) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | (248,964) | - | (248,964) |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 5,544,052 | 236,706 | 35,759 | 5,816,517 |
| ECL impairment allowance as at 1 January 2020 | - | 14,922 | 238,587 | 253,509 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | 17,777 | - | - | 17,777 |
| Amount written off | - | - | (238,402) | (238,402) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | 3,035 | - | 3,035 |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 17,777 | 17,957 | 185 | 35,919 |

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| Company | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
|--|------------------|------------------|------------------|------------------|
| Gross carrying amount as at 1 January 2021 | 5,857,443 | 236,706 | 35,759 | 6,129,908 |
| New assets originated or purchased | 766,359 | - | - | 766,359 |
| Assets derecognised or repaid | - | - | - | - |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 6,623,802 | 236,706 | 35,759 | 6,896,267 |
| ECL impairment allowance as at 1 January 2021 | 17,777 | 17,957 | 185 | 35,919 |
| New assets originated or purchased | - | - | 270 | 270 |
| Assets derecognised or repaid | (12,028) | (10,698) | - | (22,726) |
| Amount written off | - | - | - | - |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | - | - | - |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2021 | 5,749 | 7,259 | 455 | 13,463 |
| Company | | | | |
| Gross carrying amount as at 1 January 2020 | 4,647,783 | 485,670 | 262,253 | 5,395,706 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | 1,209,660 | - | - | 1,209,660 |
| Amount written off | - | - | (226,494) | (226,494) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | (248,964) | - | (248,964) |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 5,857,443 | 236,706 | 35,759 | 6,129,908 |
| ECL impairment allowance as at 1 January 2020 | - | 14,922 | 238,587 | 253,509 |
| New assets originated or purchased | - | - | - | - |
| Assets derecognised or repaid | 17,777 | - | - | 17,777 |
| Amount written off | - | - | (238,402) | (238,402) |
| Transfer to stage 1 | - | - | - | - |
| Transfer to stage 2 | - | 3,035 | - | 3,035 |
| Transfer to stage 3 | - | - | - | - |
| At 31 December 2020 | 17,777 | 17,957 | 185 | 35,919 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 15. Investment in subsidiaries | | | | |
| Leasafric Ghana Limited | - | - | 754,735 | 754,736 |
| EPIC International FZE, United Arab Emirates | - | - | 4,232 | 4,232 |
| C&I Leasing FZE, Nigeria | - | - | 500 | 500 |
| | <u>-</u> | <u>-</u> | <u>759,467</u> | <u>759,468</u> |

15.1 Subsidiary undertakings

All shares in subsidiaries undertakings are ordinary shares.

| Subsidiary | Principal activities | Country of incorporation | Percentage held | Statutory year end |
|---|----------------------------|--------------------------|-----------------|--------------------|
| Leasafric Ghana Limited (Note 15.1.1) | Leasing | Ghana | 70.89% | 31 December |
| EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.2) | Trading in ships and boats | United Arab Emirates | 100% | 31 December |
| C&I Leasing FZE, Nigeria (Note 15.1.3) | Provision of | Nigeria | 99% | 31 December |

15.1.1 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.

15.1.2 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 business of leasing vessels. EPIC FZE was registered on 29 December 2010 under the license no. 5006480 and commenced its operations in 15 June 2011.

15.1.3 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 services. The Enterprise was registered on 18 December 2017 and commenced operations in 2019.

15.2 Condensed results of consolidated entities

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 15.2.1-4.

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 3i DECEMBER 2021

15.2.1 Condensed results of consolidated entities

31 December 2021

| | Parent - 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 profit or loss and other comprehensive income | | | | | | | |
| Gross earnings | 15,166,097 | 3,594,819 | 3,424,591 | 1,743,271 | 23,928,778 | (5,886,798) | 18,041,980 |
| Net operating income | 5,293,549 | 2,534,402 | 1,743,271 | 93,783 | 9,665,005 | 159,444 | 9,824,449 |
| Interest income | 7,508 | 30,264 | 19 | - | 37,791 | - | 37,791 |
| Investment income | 2,261,493 | 121,022 | - | - | 2,382,515 | (835,886) | 1,546,629 |
| Other operating income | 104,191 | 18,943 | 23,147 | - | 146,280 | - | 146,280 |
| Impairment charge | (78,700) | (63,180) | - | - | (141,879) | - | (141,879) |
| Depreciation and amortisation expense | (2,057,542) | (1,291,760) | (839,420) | - | (4,188,722) | - | (4,188,722) |
| Personnel expenses | (1,143,973) | (141,371) | - | - | (1,285,344) | - | (1,285,344) |
| Distribution expenses | (5,835) | (1,348) | - | - | (7,183) | - | (7,183) |
| Other operating expenses | (593,366) | (347,508) | (7,066) | (500) | (948,439) | - | (948,439) |
| Operating profit | 3,787,326 | 859,464 | 919,952 | 93,283 | 5,660,024 | (676,442) | 4,983,583 |
| Finance cost | (4,180,417) | (555,490) | (297,403) | - | (5,033,310) | - | (5,033,310) |
| Share of profit from Joint venture | 591,620 | - | - | - | 591,620 | - | 591,620 |
| Profit before tax | 198,529 | 303,973 | 622,549 | 93,283 | 1,218,334 | (676,442) | 541,893 |
| Income tax expense | (394,820) | (115,797) | - | - | (510,617) | - | (510,617) |
| (Loss)/profit after tax | (196,291) | 188,176 | 622,549 | 93,283 | 707,717 | (676,442) | 31,276 |

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15.2.2 Condensed statement of financial position 31 December 2021

| | 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 |
|--|-----------------------------|--|--|-----------------------------|-------------------|----------------------|-------------------|
| Assets | | | | | | | |
| Cash and balances with banks | 2,932,822 | 251,994 | 5,127 | 100 | 3,190,044 | - | 3,190,044 |
| Loans and advances to customers | 789,831 | 11,458 | - | - | 801,289 | - | 801,289 |
| Finance lease receivables | 1,731,255 | - | - | - | 1,731,255 | - | 1,731,255 |
| At fair value through other comprehensive income | 9,668 | 35,369 | - | - | 45,037 | (35,369) | 9,668 |
| Trade and other receivables | 12,121,664 | 1,427,575 | - | 631,237 | 14,180,476 | (6,185,579) | 7,994,897 |
| Other assets | 9,496,613 | 345,264 | - | - | 9,841,878 | (739,475) | 9,102,403 |
| Investment in subsidiaries | 759,467 | - | - | - | 759,467 | (759,467) | - |
| Investment in Joint ventures | 2,857,475 | - | - | - | 2,857,475 | - | 2,857,475 |
| Current income tax assets | - | - | - | - | - | - | - |
| Deferred income tax assets | 854,607 | - | - | - | 854,607 | 36,776 | 891,383 |
| Intangible assets | 40,442 | 89 | - | - | 40,531 | - | 40,531 |
| Property, plant and equipment for lease | 15,276,079 | 1,783,377 | 13,163,867 | - | 30,223,323 | - | 30,223,323 |
| Property, plant and equipment own | 1,164,502 | 127,053 | - | - | 1,291,555 | - | 1,291,555 |
| Total assets | 48,034,425 | 3,982,179 | 13,168,994 | 631,337 | 65,816,935 | (7,683,113) | 58,133,822 |
| Liabilities and equity | | | | | | | |
| Balance due to banks | 978,185 | 11 | - | - | 978,196 | - | 978,196 |
| Commercial notes | 11,602,430 | - | - | - | 11,602,430 | (101,405) | 11,501,025 |
| Trade and other payables | 5,456,059 | 689,549 | 8,975,631 | 525,877 | 15,647,115 | (9,727,833) | 5,919,283 |
| Current income tax liability | 347,432 | 100,893 | - | - | 448,326 | - | 448,326 |
| Deferred income tax liability | - | (36,776) | - | - | (36,776) | 36,776 | - |
| Deposit for shares | 1,975,000 | - | - | - | 1,975,000 | - | 1,975,000 |
| Loans and borrowings | 21,475,473 | 2,002,268 | - | - | 23,477,741 | (28,305) | 23,449,436 |
| Equity and reserves | 6,199,846 | 1,226,233 | 4,193,364 | 105,460 | 11,724,903 | 2,137,654 | 13,862,557 |
| Total liabilities and equity | 48,034,425 | 3,982,179 | 13,168,995 | 631,337 | 65,816,936 | (7,683,113) | 58,133,822 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15.2.3 Condensed results of consolidated entities (Cont'd)

31 December 2020

| | 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 profit or loss and other comprehensive income | | | | | | | |
| Gross earnings | 14,709,508 | 3,791,230 | 3,599,758 | 1,684,602 | 23,785,098 | (4,368,413) | 19,416,685 |
| Net operating income | 6,784,386 | 2,672,994 | 1,670,479 | 60,974 | 11,188,833 | 155,436 | 11,344,269 |
| Interest income | 17,593 | 92,197 | 5 | - | 109,795 | - | 109,795 |
| Investment income | 1,117,883 | 175,769 | 101,335 | - | 1,394,987 | (726,343) | 668,644 |
| Other operating income | 364,269 | 25,628 | 782 | 14,123 | 404,802 | - | 404,802 |
| Impairment charge | 46,001 | (49,207) | - | - | (3,206) | - | (3,206) |
| Depreciation and amortisation expense | (1,712,618) | (1,520,300) | (773,798) | - | (4,006,716) | - | (4,006,716) |
| Personnel expenses | (1,217,244) | (156,122) | - | (3,600) | (1,376,966) | - | (1,376,966) |
| Distribution expenses | (16,244) | (1,134) | - | - | (17,378) | - | (17,378) |
| Other operating expenses | (1,200,605) | (330,561) | (3,784) | (700) | (1,535,650) | - | (1,535,650) |
| Operating profit | 4,183,420 | 909,264 | 995,019 | 70,797 | 6,158,500 | (570,907) | 5,587,593 |
| Finance cost | (4,145,342) | (855,215) | (484,538) | - | (5,485,095) | 6,378 | (5,478,716) |
| Share of profit from Joint venture | 381,254 | - | - | - | 381,254 | - | 381,254 |
| Profit/(loss) before tax | 419,332 | 54,049 | 510,481 | 70,797 | 1,054,659 | (564,529) | 490,131 |
| Income tax expense | (149,269) | (19,620) | - | - | (168,889) | - | (168,889) |
| Profit/(lpss) after tax | 270,063 | 34,429 | 510,481 | 70,797 | 885,770 | (564,529) | 321,242 |

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15.2.4 Condensed results of consolidated entities (Cont'd)

30 December 2020

Condensed statement of financial position

| | 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 |
|--|-----------------------------|--|--|-----------------------------|-------------------|----------------------|-------------------|
| Assets | | | | | | | |
| Cash and balances with banks | 1,155,040 | 78,846 | 185,084 | - | 1,418,970 | - | 1,418,970 |
| Loans and advances to customers | 481,520 | 17,890 | - | - | 499,410 | - | 499,410 |
| Finance lease receivables | 2,286,385 | - | - | - | 2,286,385 | - | 2,286,385 |
| At fair value through other comprehensive income | 7,335 | 121,178 | - | - | 128,513 | (121,178) | 7,335 |
| Trade and other receivables | 9,745,067 | 1,424,658 | - | 778,847 | 11,948,572 | (5,391,603) | 6,556,969 |
| Other assets | 8,075,922 | 275,892 | - | - | 8,351,814 | (570,306) | 7,781,508 |
| Investment in subsidiaries | 759,468 | - | - | - | 759,468 | (759,467) | 1 |
| Investment in Joint ventures | 2,470,854 | - | - | - | 2,470,854 | - | 2,470,854 |
| Current income tax assets | - | - | - | - | - | - | - |
| Deferred income tax assets | 854,607 | - | - | - | 854,607 | - | 854,607 |
| Intangible assets | - | 432 | - | - | 432 | - | 432 |
| Property, plant and equipment for lease | 17,437,838 | 2,220,586 | 12,972,639 | - | 32,631,063 | - | 32,631,063 |
| Property, plant and equipment own | 1,204,575 | 233,445 | - | - | 1,438,020 | - | 1,438,020 |
| Total assets | 44,478,612 | 4,372,927 | 13,157,723 | 778,847 | 62,788,109 | (6,842,554) | 55,945,555 |
| Liabilities and equity | | | | | | | |
| Balance due to banks | 918,761 | 9,373 | - | - | 928,134 | - | 928,134 |
| Commercial notes | 15,438,232 | - | - | - | 15,438,232 | - | 15,438,232 |
| Trade and other payables | 3,551,866 | 559,689 | 8,131,567 | 673,748 | 12,916,870 | (8,146,010) | 4,770,860 |
| Current income tax liability | 242,613 | (22,342) | - | - | 220,271 | - | 220,271 |
| Deferred income tax liability | - | 13,545 | - | - | 13,545 | - | 13,545 |
| Deposit for shares | 1,975,000 | - | - | - | 1,975,000 | - | 1,975,000 |
| Loans and borrowings | 15,374,818 | 2,774,606 | 1,148,901 | - | 19,298,325 | (127,555) | 19,170,770 |
| Equity and reserves | 6,977,322 | 1,038,056 | 3,877,255 | 105,099 | 11,997,732 | 1,431,011 | 13,428,743 |
| Total liabilities and equity | 44,478,612 | 4,372,927 | 13,157,723 | 778,847 | 62,788,109 | (6,842,554) | 55,945,555 |

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 16. Investment in Joint Venture | | | | |
| Investment accounted for using equity method - in Joint venture | | | | |
| Sifax C&I Marine Limited | 1,428,738 | 1,235,428 | 1,428,738 | 1,235,427 |
| Sifax C&I Leasing Marine Limited Seychelles | 1,428,738 | 1,235,428 | 1,428,738 | 1,235,427 |
| | 2,857,475 | 2,470,856 | 2,857,475 | 2,470,854 |

16.1 Investment in Joint venture undertakings

| Nature of Joint Ventures | Principal activities | Country of incorporation | Held by (Units) in thousand | % voting power |
|--|--|---------------------------------|------------------------------------|-----------------------|
| 1. Sifax C&I Marine Ltd | Towage and pilotage services contract (Contract no B140133SDT and B180220SGA) awarded to the parties by the Nigeria LNG Limited. | Nigeria | 12,500,000 | 50% |
| 2. Sifax C&I Leasing Marine Ltd Seychelles | Plant and Equipment leasing | Seychelle, East Africa | 2,116,498 | 50% |

16.1a Summarised financial information of Joint Venture

The summarised financial information below represents amounts shown in the Joint ventures financial statements

| | Sifax C&I Marine Ltd 31 December 2021 N'000 | Sifax C&I Leasing Marine Ltd Seychelles 31 December 2021 N'000 | Total | |
|---|--|---|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| Current assets | 2,909,216 | 725,469 | 3,634,685 | 3,130,665 |
| Non-current assets | 11,514 | 9,937,034 | 9,948,548 | 9,478,978 |
| Total assets | 2,920,730 | 10,662,503 | 13,583,233 | 12,609,643 |
| Current liabilities | 2,405,590 | 505,530 | 2,911,120 | 2,859,099 |
| Non-current liabilities | - | 5,923,978 | 5,923,978 | 5,401,351 |
| Total liabilities | 2,405,590 | 6,429,508 | 8,835,098 | 8,260,450 |
| Net assets | 515,140 | 4,232,995 | 4,748,135 | 4,349,193 |
| The following amounts have been included in the amounts above: | | | | |
| Cash and cash equivalents | 2,580,780 | - | 2,580,780 | 1,900,377 |
| Current financial liabilities (excluding trade and other payables and provisions) | - | 504,299 | 504,299 | 1,021,230 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | - | 5,923,978 | 5,923,978 | 5,401,351 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Sifax C&I Marine Ltd | Sifax C&I Leasing Marine Ltd Seychelles | Total | |
|--|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2021 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| Revenue | 1,367,466 | 1,144,289 | 2,511,755 | 2,444,835 |
| (Loss)/profit from continuing operations | (416,276) | 679,619 | 263,343 | 456,028 |
| (Loss)/profit for the year | (416,276) | 679,619 | 263,343 | 456,028 |
| Other comprehensive (loss)/income for the year | - | - | - | - |
| Total comprehensive (loss)/profit for the year | (416,276) | 679,619 | 263,343 | 456,028 |
| The following amounts have been included in the amount above: | | | | |
| Direct expenses | (1,394,162) | (184,129) | (1,578,292) | (1,705,404) |
| Other income | 47,100 | - | 47,100 | 93,742 |
| Impairment charge | (422,749) | - | (422,749) | - |
| Depreciation expense | (3,136) | (278,565) | (281,701) | (275,511) |
| Administrative expenses | (10,795) | (1,976) | (12,771) | (101,249) |

16.1b Reconciliation of the summarised financial information to the carrying amount of the interest in the joint venture recognised in the Group's financial statements:

| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Net assets of the joint ventures | 4,748,135 | 4,349,193 | 4,748,135 | 4,349,193 |
| Proportion of the Group's ownership interest in the joint ventures | 50% | 50% | 50% | 50% |
| Gross amount of Group's interest in the joint venture | 2,374,068 | 2,174,597 | 2,374,068 | 2,174,597 |
| Inter company's balances | 483,407 | 285,723 | 483,407 | 285,723 |
| Carrying amount of the Group's interest in the joint venture | 2,857,475 | 2,460,320 | 2,857,475 | 2,460,320 |

16.1c Movement in investment in joint ventures:

| | | | | |
|---|------------------|------------------|------------------|------------------|
| At 1 January | 2,174,597 | 1,890,776 | 2,174,597 | 1,890,776 |
| Less: Prior year inter company's balances | (105,162) | (556,550) | (105,162) | (556,550) |
| Share of profit in Joint Venture | 591,620 | 381,254 | 591,620 | 381,254 |
| Total investment holding by C & I Leasing Plc | 2,661,055 | 1,715,480 | 2,661,055 | 1,715,480 |
| Add: | | | | |
| Management and operational fee from Joint Venture | - | 105,162 | 159,444 | 105,162 |
| Other inter company's balances | 2,087,081 | 353,955 | (446,431) | 353,955 |
| At 31 December | 4,748,135 | 2,174,597 | 2,374,068 | 2,174,597 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group N'000 | Company N'000 |
|---|----------------|------------------|
| 17. Intangible assets | | |
| Computer software | | |
| Cost: | | |
| At 1 January 2020 | 213,165 | 163,267 |
| Additions during the year | 98 | - |
| Exchange difference | (32,318) | - |
| At 31 December 2020 | 180,945 | 163,267 |
| At 1 January 2021 | 180,945 | 163,267 |
| Addition during the year | 45,085 | 45,085 |
| Exchange difference | (166) | - |
| At 31 December 2021 | 225,864 | 208,352 |
| Accumulated amortisation and impairment: | | |
| At 1 January 2020 | 189,975 | 163,267 |
| Amortisation charge for the year | 817 | - |
| Exchange difference | (10,278) | - |
| At 31 December 2020 | 180,514 | 163,267 |
| At 1 January 2021 | 180,514 | 163,267 |
| Amortisation charge for the year | 4,986 | 4,642 |
| Exchange difference | (167) | - |
| At 31 December 2021 | 185,333 | 167,909 |
| Carrying amount: | | |
| At 31 December 2021 | 40,531 | 40,442 |
| At 1 January 2021 | 431 | - |

17a Amortisation charged in the year is included in other operating expenses.

17b The software is not internally generated.

17c No impairment charge on intangible asset during the year.

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18.a Plant and equipment for lease-Group

| | Autos and trucks N'000 | Office equipmen N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---------------------------------|----------------------------------|---------------------------------|----------------------------------|--|------------------------|-----------------------|
| Cost: | | | | | | |
| At 1 January 2020 | 12,769,914 | 36,856 | 32,889,059 | 1,221,170 | 365,148 | 47,282,147 |
| Additions | 2,421,713 | - | 1,155,130 | 2,000,486 | - | 5,577,329 |
| Disposal | (942,148) | - | - | - | - | (942,148) |
| Exchange difference | 142,678 | - | 884,731 | (545,017) | (55,135) | 427,257 |
| At 31 December 2020 | 14,392,157 | 36,856 | 34,928,920 | 2,676,639 | 310,013 | 52,344,585 |
| At 1 January 2021 | 14,392,157 | 36,856 | 34,928,920 | 2,676,639 | 310,013 | 52,344,585 |
| Additions | 561,666 | 8,709 | 1,077,575 | 89,608 | - | 1,737,558 |
| Disposal | (2,972,457) | 252 | - | (105,118) | (289,013) | (3,366,336) |
| Reclassified | - | - | 2,381,927 | (2,381,927) | - | - |
| Exchange difference | 418,736 | (8,781) | 1,154,406 | (279,201) | - | 1,285,160 |
| At 31 December 2021 | 12,400,102 | 37,036 | 39,542,829 | - | 21,000 | 52,000,966 |
| Accumulated depreciation | | | | | | |
| At 1 January 2020 | 8,640,525 | 30,328 | 7,747,279 | - | 307,664 | 16,725,796 |
| Charge in the year | 599,152 | 2,740 | 1,818,162 | - | 1,389,979 | 3,810,033 |
| Disposals | (894,864) | - | - | - | - | (894,864) |
| Exchange difference | 1,399,606 | - | 97,595 | - | (1,424,645) | 72,556 |
| At 31 December 2020 | 9,744,419 | 33,068 | 9,663,036 | - | 272,998 | 19,713,521 |
| At 1 January 2021 | 9,744,419 | 33,068 | 9,663,036 | - | 272,998 | 19,713,521 |
| Charge in the year | 897,065 | 2,193 | 1,944,917 | - | 1,172,980 | 4,017,155 |
| Disposals | (1,602,049) | 101 | - | - | (57,068) | (1,659,016) |
| Exchange difference | 830,828 | 79 | 254,013 | - | (1,378,935) | (294,015) |
| At 31 December 2021 | 9,870,263 | 35,440 | 11,861,966 | - | 9,975 | 21,777,645 |
| Carrying amount: | | | | | | |
| At 31 December 2021 | 2,529,839 | 1,595 | 27,680,863 | - | 11,025 | 30,223,322 |
| At 1 January 2021 | 4,647,738 | 3,788 | 25,265,884 | 2,676,639 | 37,015 | 32,631,064 |

Depreciation charge of N4,017,155,374.83 (December 2020: N3,810,032,777) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

No impairment charge on plant and equipment during the year.

This represents transferred from one of the Company's Subsidiaries Epic International FZE during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18.b Plant and equipment for lease-Company

| | Autos and trucks N'000 | Office equipmen N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---------------------------------|----------------------------------|---------------------------------|----------------------------------|--|------------------------|-----------------------|
| Cost | | | | | | |
| At 1 January 2020 | 5,496,229 | 36,856 | 18,438,232 | 381,441 | 310,013 | 24,662,771 |
| Additions | 1,962,887 | - | 1,155,130 | 2,000,486 | - | 5,118,503 |
| Disposals | (199,633) | - | - | - | - | (199,633) |
| At 31 December 2020 | 7,259,483 | 36,856 | 19,593,362 | 2,381,927 | 310,013 | 29,581,641 |
| At 1 January 2021 | 7,259,483 | 36,856 | 19,593,362 | 2,381,927 | 310,013 | 29,581,641 |
| Additions | 561,666 | - | 620,790 | - | - | 1,182,456 |
| Disposals | (2,904,760) | - | - | - | (289,013) | (3,193,773) |
| Reclassified | - | - | 2,381,927 | (2,381,927) | - | - |
| Exchange difference | - | - | 31,819 | - | - | 31,819 |
| At 31 December 2021 | 4,916,389 | 36,856 | 22,627,898 | - | 21,000 | 27,602,143 |
| Accumulated depreciation | | | | | | |
| At 1 January 2020 | 4,432,587 | 30,332 | 5,961,041 | - | 252,589 | 10,676,549 |
| Charge for the year | 599,152 | 2,740 | 1,044,364 | - | 20,406 | 1,666,662 |
| Disposals | (199,408) | - | - | - | - | (199,408) |
| At 31 December 2020 | 4,832,331 | 33,072 | 7,005,405 | - | 272,995 | 12,143,803 |
| At 1 January 2021 | 4,832,331 | 33,072 | 7,005,405 | - | 272,995 | 12,143,803 |
| Charge for the year | 897,065 | 2,188 | 1,105,497 | - | 3,427 | 2,008,178 |
| Reclassified | (11,359) | - | - | - | - | (11,359) |
| Disposals | (1,548,110) | - | - | - | (266,447) | (1,814,557) |
| At 31 December 2021 | 4,169,927 | 35,260 | 8,110,902 | - | 9,975 | 12,326,064 |
| Carrying amount | | | | | | |
| At 31 December 2021 | 746,462 | 1,596 | 14,516,996 | - | 11,025 | 15,276,079 |
| At 1 January 2021 | 2,427,152 | 3,784 | 12,587,957 | 2,381,927 | 37,018 | 17,437,838 |

i) Depreciation charge of N2,008,182,754.17 (December 2020: N1,666,661,500) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

ii) No impairment charge on plant and equipment during the year.

iii) This represents transferred from one of the Company's Subsidiaries Epic International FZE during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19a 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 | Leasehold improvement | Buildings N'000 | Land N'000 | Construction in progress N'000 | Total N'000 |
|---------------------------------|---------------------------|---------------------------------|---------------------------|------------------------------|------------------|-----------------------|--------------------|----------------|-----------------------------------|------------------|
| Valuation/Cost: | | | | | | | | | | |
| At 1 January 2020 | 1,067,600 | 96,338 | 392,378 | 61,510 | 11,133 | - | 471,567 | 860,734 | - | 2,961,260 |
| Additions | - | 2,117 | 17,323 | - | - | 140 | - | - | - | 19,580 |
| Disposals | (101,600) | - | - | - | - | - | - | - | - | (101,600) |
| Exchange difference | 38,502 | 928 | 59,064 | 34,834 | - | 9,337 | (8,918) | 1,505 | - | 135,252 |
| At 31 December 2020 | 1,004,502 | 99,383 | 468,765 | 96,344 | 11,133 | 9,477 | 462,649 | 862,239 | - | 3,014,492 |
| At 1 January 2021 | 1,004,502 | 99,383 | 468,765 | 96,344 | 11,133 | 9,477 | 462,649 | 862,239 | - | 3,014,492 |
| Additions | - | - | 5,871 | - | - | - | - | - | 33,457 | 39,328 |
| Disposals | (13,280) | (280) | - | - | - | - | - | - | - | (13,559) |
| Exchange difference | (57,854) | 261 | 5,204 | 16,537 | - | - | - | (33,457) | - | (69,308) |
| At 31 December 2021 | 933,368 | 99,364 | 479,840 | 112,881 | 11,133 | 9,477 | 462,649 | 828,782 | 33,457 | 2,970,952 |
| Accumulated depreciation | | | | | | | | | | |
| At 1 January 2020 | 764,530 | 78,227 | 315,082 | 44,740 | 4,454 | - | 175,036 | - | - | 1,382,069 |
| Charge for year | 131,534 | 6,933 | 27,605 | 17,817 | 2,227 | 1,764 | 7,987 | - | - | 195,867 |
| Disposal in the year | (100,433) | - | - | - | - | - | - | - | - | (100,433) |
| Exchange difference | 27,402 | 522 | 58,931 | 11,765 | - | 6,875 | (6,527) | - | - | 98,968 |
| At 31 December 2020 | 823,033 | 85,682 | 401,618 | 74,322 | 6,681 | 8,639 | 176,496 | - | - | 1,576,471 |
| At 1 January 2021 | 823,033 | 85,682 | 401,618 | 74,322 | 6,681 | 8,639 | 176,496 | - | - | 1,576,471 |
| Charge for the year | 107,019 | 5,707 | 25,793 | 17,320 | 2,226 | 512 | 8,003 | - | - | 166,581 |
| Disposal in the year | (13,280) | (140) | - | - | - | - | - | - | - | (13,420) |
| Exchange difference | (50,271) | 39 | (886) | 883 | (0) | 1 | (0) | - | - | (50,236) |
| At 31 December 2021 | 866,500 | 91,289 | 426,525 | 92,524 | 8,907 | 9,152 | 184,499 | - | - | 1,679,397 |
| Carrying amount: | | | | | | | | | | |
| At 31 December 2021 | 66,868 | 8,075 | 53,315 | 20,357 | 2,226 | 325 | 278,150 | 828,782 | 33,457 | 1,291,555 |
| At 1 January 2021 | 181,469 | 13,701 | 67,147 | 22,022 | 4,452 | 838 | 286,153 | 862,239 | - | 1,438,021 |

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

ii) Depreciation charge of N166,581,590 (December 2020: N195,867,00496,180,549) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

iii) There is an All Asset Debenture Security for all the loans and borrowings by the Group.

iv) No impairment charge on property, plant and equipment during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

19b Property, plant and equipment -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 | Total N'000 |
|---------------------------------|---------------------------|---------------------------------|---------------------------|------------------------------|---------------------------|--------------------|----------------|------------------|
| Valuation/Cost | | | | | | | | |
| At 1 January 2020 | 251,170 | 81,989 | 358,758 | 61,510 | 11,133 | 462,649 | 828,782 | 2,055,991 |
| Additions | - | 2,117 | 16,121 | - | - | - | - | 18,238 |
| Disposal | (22,200) | - | - | - | - | - | - | (22,200) |
| At 31 December 2020 | 228,970 | 84,106 | 374,879 | 61,510 | 11,133 | 462,649 | 828,782 | 2,052,029 |
| At 1 January 2021 | 228,970 | 84,106 | 374,879 | 61,510 | 11,133 | 462,649 | 828,782 | 2,052,029 |
| Additions | - | - | 4,643 | - | - | - | - | 4,643 |
| Disposal in the year | (3,455) | - | - | - | - | - | - | (3,455) |
| At 31 December 2021 | 225,515 | 84,106 | 379,522 | 61,510 | 11,133 | 462,649 | 828,782 | 2,053,217 |
| Accumulated depreciation | | | | | | | | |
| At 1 January 2020 | 246,242 | 67,945 | 291,806 | 44,741 | 4,454 | 168,509 | - | 823,697 |
| Charge for the year | 1,397 | 5,284 | 22,648 | 6,414 | 2,227 | 7,987 | - | 45,957 |
| Disposal in the year | (22,200) | - | - | - | - | - | - | (22,200) |
| At 31 December 2020 | 225,439 | 73,229 | 314,454 | 51,155 | 6,681 | 176,496 | - | 847,454 |
| At 1 January 2021 | 225,439 | 73,229 | 314,454 | 51,155 | 6,681 | 176,496 | - | 847,454 |
| Charge for the year | 3,531 | 4,460 | 20,796 | 5,700 | 2,226 | 8,003 | - | 44,716 |
| Disposal in the year | (3,455) | - | - | - | - | - | - | (3,455) |
| At 31 December 2021 | 225,515 | 77,689 | 335,250 | 56,855 | 8,907 | 184,499 | - | 888,715 |
| Carrying amount | | | | | | | | |
| At 31 December 2021 | - | 6,417 | 44,272 | 4,655 | 2,226 | 278,150 | 828,782 | 1,164,502 |
| At 1 January 2021 | 3,531 | 10,877 | 60,425 | 10,355 | 4,452 | 286,153 | 828,782 | 1,204,575 |

- i) Depreciation charge of N44,717,241 (December 2020: N45,956,666) is included in administrative expenses in the statement of profit or loss and other comprehensive income.
- ii) There is an All Asset Debenture Security for all the loans and borrowings by the Company.
- iii) No impairment charge on property, plant and equipment during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 20. Balance due to banks (Note 20.1) | 978,197 | 928,135 | 978,185 | 918,761 |
| 20.1 Analysis of bank overdrafts is as follows: | | | | |
| First City Monument Bank Plc | - | 15,010 | - | 15,010 |
| Access Bank Plc | 462,539 | 40,952 | 462,539 | 40,952 |
| Access bank (formerly Diamond Bank Plc) | 9,964 | 364,023 | 9,964 | 364,023 |
| First Security Discount House | 6,258 | - | 6,258 | - |
| Guaranty Trust Company Plc | 185 | - | 185 | - |
| Fidelity Bank Plc | 499,230 | 498,776 | 499,230 | 498,776 |
| Zenith Bank Plc | 10 | 1,166 | 10 | - |
| United Bank for Africa Ghana | 11 | - | - | - |
| Intercontinental Bank - Cedi | - | 8,208 | - | - |
| | 978,197 | 928,135 | 978,185 | 918,761 |

20.2 These are current accounts overdrawn during the year by the Group.

21. Commercial notes

| | | | | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| Institutional clients | 3,196,534 | 4,290,820 | 3,232,205 | 4,300,783 |
| Individual clients | 8,304,492 | 11,147,413 | 8,370,225 | 11,137,449 |
| | 11,501,026 | 15,438,233 | 11,602,430 | 15,438,232 |

21.1 Analysis of commercial notes by tenure

| | | | | |
|-------------|-------------------|-------------------|-------------------|-------------------|
| Current | 6,900,615 | 15,438,233 | 6,961,458 | 15,438,232 |
| Non-current | 4,600,410 | - | 4,640,972 | - |
| | 11,501,026 | 15,438,232 | 11,602,430 | 15,438,232 |

21.2 These are commercial papers borrowed by the Group during the year from individuals and institutions.

| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 22. Trade and other payables | | | | |
| Accounts payable | 4,242,374 | 3,415,526 | 3,726,659 | 2,691,217 |
| Payable to related companies | - | - | 701,131 | - |
| Accrued expenses | 529,245 | 417,490 | 76,785 | 74,347 |
| Dividend Payable | 71,810 | 11,301 | - | - |
| Withholding Taxes Payable | 140,574 | 199,910 | 124,675 | 177,422 |
| Value Added Tax (VAT) Payable | 207,717 | 163,320 | 150,613 | 101,894 |
| Other Statutory deductions (PAYE, NSIT et al) | 367,547 | 196,136 | 331,544 | 153,421 |
| Advance payment received on account | 301,100 | 297,560 | 301,100 | 297,559 |
| Deferred rental income | 24,243 | 17,132 | 8,921 | 3,520 |
| Defined contribution pension plan (Note 22.1) | 23,519 | 43,401 | 23,519 | 43,401 |
| Other payables | 11,155 | 9,085 | 11,111 | 9,085 |
| Total trade and other payables | 5,919,283 | 4,770,861 | 5,456,059 | 3,551,866 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 22.1 Defined contribution pension plan | | | | |
| At 1 January | 43,401 | 20,991 | 43,401 | 20,991 |
| Contributions in the year (Note 43) | 67,662 | 165,338 | 59,649 | 157,657 |
| Remittances | (87,544) | (142,928) | (79,531) | (135,247) |
| At 31 December | 23,519 | 43,401 | 23,519 | 43,401 |

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 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 23. Taxation | | | | |
| 23.1 Income tax expense | | | | |
| Income tax | 189,765 | 133,191 | 73,968 | 113,570 |
| Education tax | 18,492 | 24,176 | 18,492 | 24,176 |
| Technology tax | 21 | 4,193 | 21 | 4,193 |
| Police Trust Fund Levy | - | 21 | - | 21 |
| Capital gain tax | 62,460 | 7,309 | 62,460 | 7,309 |
| Current income tax | 270,738 | 168,890 | 154,941 | 149,269 |
| Back duty audit by FIRS | 239,879 | - | 239,879 | - |
| Deferred tax charge (Note 23.5) | - | - | - | - |
| Income tax expense | 510,617 | 168,890 | 394,820 | 149,269 |

Reconciliation of effective tax rate

The income tax expense for the year can be reconciled to the accounting profit as follows:

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Profit before tax | 541,897 | 490,128 | 198,529 | 419,332 |
| Tax calculated using the domestic corporation tax rate of 30% | 162,569 | 147,038 | 59,559 | 125,800 |
| Effect of tax rates in foreign jurisdictions | - | (155,606) | - | - |
| Tax income exempt | - | - | - | 992,552 |
| Non-deductible expenses | - | - | - | (594,160) |
| Effect of education tax levy | 18,492 | 24,176 | 18,492 | 24,176 |
| Effect of technology tax levy | 21 | 4,193 | 21 | 4,193 |
| Effect of minimum tax | 73,968 | - | 73,968 | 57,385 |
| Effect of police trust fund levy | - | 21 | - | 21 |
| Effect of disposal of items of PPE | 62,460 | 7,309 | 62,460 | 7,309 |
| Tax reliefs | 193,107 | 141,759 | 180,320 | (468,007) |
| Total income tax expense | 510,617 | 168,890 | 394,820 | 149,269 |
| 23.2 Current income tax liability | | | | |
| At 1 January | 220,271 | 185,180 | 242,613 | 96,843 |
| Charge in the year (Note 23.1) | 270,738 | 168,890 | 154,941 | 149,269 |
| Withholding tax credit notes utilised | - | - | - | - |
| Payments | (290,001) | (175,199) | (290,001) | (3,499) |
| Back duty tax | 239,879 | - | 239,879 | - |
| Exchange difference | 7,438 | 41,400 | - | - |
| At 31 December | 448,326 | 220,271 | 347,432 | 242,613 |

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| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 23.3 Current income tax assets | | | | |
| At 1 January | - | - | - | - |
| Charge | - | - | - | - |
| Refunds | - | - | - | - |
| At 31 December | - | - | - | - |
| 23.4 Deferred tax assets | | | | |
| At 31 December | (891,383) | (854,607) | (854,607) | (854,607) |
| 23.4.1 Analysis of deferred 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 tax liability | | | | |
| At 1 January | 13,545 | 88,146 | - | - |
| Charge in the year (Note 23.1) | - | - | - | - |
| Exchange difference | (13,545) | (74,601) | - | - |
| At 31 December | - | 13,545 | - | - |
| 24. Loans and borrowings | | | | |
| Secured amounts: | | | | |
| Term loans (Note 24.1) | 6,022,285 | 8,819,019 | 6,050,590 | 7,797,674 |
| Finance lease facilities (Note 24.2) | 5,192,201 | 6,475,584 | 3,189,934 | 3,700,979 |
| Redeemable bonds (Note 24.3) | 12,234,949 | 3,876,165 | 12,234,949 | 3,876,165 |
| Total borrowed fund | 23,449,435 | 19,170,768 | 21,475,473 | 15,374,818 |
| 24.1 Term loans | | | | |
| First City Monument Bank Plc (Note 24.1.2) | - | 10,470 | - | 10,470 |
| B.V. Scheepswerf Damen Gorinchem, The Netherlands (Note Note 24.1.3) | - | 1,148,901 | - | - |
| Financial Derivative Company Limited (Note Note 24.1.4) | 1,142,713 | 1,812,973 | 1,142,713 | 1,812,973 |
| Bank of industry (Note Note 24.1.5) | 2,766,798 | 3,683,350 | 2,766,798 | 3,683,350 |
| Secured lease notes (Note Note 24.1.6) | 2,112,774 | 2,163,325 | 2,141,079 | 2,290,881 |
| | 6,022,285 | 8,819,019 | 6,050,590 | 7,797,674 |
| 24.1.1 Analysis of term loans by tenure | | | | |
| Current | 1,130,446 | 1,655,423 | 1,572,120 | 2,026,063 |
| Non-current | 4,891,839 | 7,163,596 | 4,478,470 | 5,771,611 |
| | 6,022,285 | 8,819,019 | 6,050,590 | 7,797,674 |

24.1.2 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.

24.1.3 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 new boat acquisition. The facility was obtained by EPIC International FZE, U.A.E. The loan stood at \$4,378,632 as at 30 June, 2020

24.1.4 Financial Derivative Company Limited

Facility represents an amount obtained to augment the working capital of the Company especially the Marine Operations. The interest rates are given based on current market conditions. The loan tenor ranges between 12 - 48 months.

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24.1.5 Bank of Industry

On the 8th of February 2017 C & I Group had entered into financing agreement with Bank of Industry limited (Nigeria) for Long term Loan of \$11,880,000 for acquisition of Epic Vessel. The loan is payable in five years inclusive of six months moratorium period. Rate of interest is 6.5% per annum. Loan is secured by bank guarantee from First City Monument Bank Plc.

24.1.6 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 | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N'000 | N'000 | N'000 | N'000 |
| 24.2 Finance lease facilities | | | | |
| Acess Bank (formerly Diamond Bank Plc) (Note 24.2.2) | 48,953 | 1,226,912 | 48,953 | 1,226,912 |
| Stanbic IBTC Bank (Note 24.2.3) | 928,973 | 778,575 | 740,035 | 289,066 |
| Barclays Bank Ghana (Note 24.2.4) | 440,987 | 851,195 | - | - |
| Standby Letter of Credit-FCMB | - | 26,582 | - | 26,582 |
| FSDH Merchant Bank Ltd | 139,157 | 556,626 | 139,157 | 556,626 |
| WSTC FIN Serv | 381,687 | 502,459 | 381,687 | 502,459 |
| Growth & Development Ltd | - | 217,778 | - | 217,778 |
| Fidelity Bank Ltd | 418,910 | - | 418,910 | - |
| Lotus Capital | 984,809 | 831,075 | 984,809 | 831,075 |
| UBA Gbc CEDI Loan | 801,241 | 591,784 | - | - |
| Union Bank Plc | 26,569 | 50,480 | 26,569 | 50,480 |
| First Ally | 449,814 | - | 449,815 | - |
| Others (Note 24.2.5) | 571,101 | 842,118 | - | - |
| | 5,192,201 | 6,475,584 | 3,189,934 | 3,700,979 |
| 24.2.1 Analysis of finance lease facilities by tenure | | | | |
| Current | 2,521,642 | 3,144,929 | 1,595,940 | 1,851,618 |
| Non-current | 2,670,559 | 3,330,655 | 1,593,994 | 1,849,360 |
| | 5,192,201 | 6,475,584 | 3,189,934 | 3,700,978 |

24.2.2 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.

24.2.3 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.

24.2.4 Barclays Bank of Ghana

Facility represents US \$750,000 finance lease facility secured from Barclays Bank of Ghana Limited in February 2012 for a period of three years. The interest on the facility is 8% per annum. The facility was secured by legal ownership of the leased assets.

24.2.5 Included in the amount is N1,254,304,725 OIKO Credit facility, N762,390,164 United bank of Africa Dollar loans and others.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 24.3 Redeemable bonds | | | | |
| Fixed rate 5 years senior secured bond (Note 24.3.2) | 2,366,398 | 3,876,165 | 2,366,398 | 3,876,165 |
| Fixed Rate 7 years senior secured bond (Note 24.3.3) | 9,868,551 | - | 9,868,551 | - |
| | 12,234,949 | 3,876,165 | 12,234,949 | 3,876,165 |
| 24.3.1 Analysis of redeemable bonds by tenure | | | | |
| Current | 1,132,268 | 1,132,268 | - | 1,132,268 |
| Non-current | 11,102,681 | 2,743,897 | 12,234,949 | 2,743,897 |
| | 12,234,949 | 3,876,165 | 12,234,949 | 3,876,165 |
| 24.3.2 Fixed rate 5 years senior secured bond | | | | |
| a) Analysis of amount amortised | | | | 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.

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

| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 24.5 Movement in loans and borrowings | | | | |
| At 1 January | 19,170,768 | 21,335,227 | 15,374,818 | 14,972,388 |
| Proceeds of new loans during the year | 8,912,397 | 2,608,470 | 8,358,784 | 2,120,632 |
| Repayment of loans during the year | (3,584,080) | (5,217,169) | (2,258,129) | (1,718,202) |
| Exchange difference | (1,049,650) | 444,240 | - | - |
| At 31 December | 23,449,435 | 19,170,768 | 21,475,473 | 15,374,818 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--|--------------------|-------------|--------------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N'000 | N'000 | N'000 | 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 | | | | |
| 781,646,167 ordinary shares of 50k each | | | | |
| At 1 January | 390,823 | 202,126 | 390,823 | 202,126 |
| Issued during the year | - | 188,697 | - | 188,697 |
| At 31 December | 390,823 | 390,823 | 390,823 | 390,823 |
| 25.3 Share premium | | | | |
| At 1 January | 3,361,609 | 1,285,905 | 3,361,609 | 1,285,905 |
| Issued during the year less cost | - | 2,075,704 | - | 2,075,704 |
| At 31 December | 3,361,609 | 3,361,609 | 3,361,609 | 3,361,609 |
| 25.4 At the extra ordinary meeting of the Company held on 5 December, 2017, a right issue of 377,393,667 of ordinary shares was issued at N6 per share was approved. The CBN approved 16 June 2019 while SEC on 25 October, 2019. | | | | |
| 26. Retained earnings | | | | |
| At 1 January | 3,583,738 | 3,224,283 | 989,145 | 682,945 |
| Dividend declared and paid | (583,520) | (156,329) | (583,520) | (156,329) |
| (Loss)/profit for the year | (24,431) | 310,510 | (196,289) | 270,061 |
| Transfer to statutory reserve (Note 28) | (33,350) | (27,250) | - | (27,006) |
| Transfer from statutory credit reserve (Note 29) | 274,356 | 232,525 | 258,627 | 219,474 |
| At 31 December | 3,216,793 | 3,583,738 | 467,963 | 989,145 |
| 27. Deposit for shares (Convertible) | | | | |
| 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 Abraj 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. At 31 December, 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 at 31 December is US\$10,000,000 (31 December 2020: US\$10,000,000). This convertible notes has however been bought over by Peace Mass Transit (PMT) in January 2021.

| | Group | | Company | |
|---|--------------------|-------------|--------------------|-------------|
| | 31 December | 31 December | 31 December | 31 December |
| | 2021 | 2020 | 2021 | 2020 |
| | N'000 | N'000 | N'000 | N'000 |
| 28. Statutory reserve | | | | |
| At 1 January | 1,262,039 | 1,234,789 | 873,770 | 846,763 |
| Transfer from retained earnings (Note 26) | 33,350 | 27,250 | - | 27,007 |
| At 31 December | 1,295,389 | 1,262,039 | 873,770 | 873,770 |

28.1 The Nigerian banking regulations requires the Group to make an annual appropriation to a statutory reserve. As stipulated in S. 16 (1) of the Banks and Other Financial Institutions Act 2020 and Central Bank of Nigeria (CBN) guidelines, 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.

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| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 29. Statutory credit reserve | | | | |
| At 1 January | 625,728 | 858,253 | 638,779 | 858,253 |
| Transfer to retained earnings (Note 26) | (274,356) | (232,525) | (258,627) | (219,474) |
| At 31 December | 351,372 | 625,728 | 380,152 | 638,779 |

29.1 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 | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 29.2 Summary analysis of IFRS and prudential impairment allowance | | | | |
| 29.2.1 Analysis of IFRS impairment losses | | | | |
| Loans and advances (Note 10) | 17,562 | 1,764 | 17,562 | 1,764 |
| Lease rental due | 51,109 | 12,107 | 51,109 | 12,107 |
| Finance lease receivables (Note 11) | 1,527 | 4,666 | 1,527 | 4,666 |
| Trade and other receivables (Note 13) | 200,827 | 132,455 | 124,330 | 92,017 |
| Receivable from related companies (Note 13.1) | 3,951 | 1,423 | 25,608 | 24,177 |
| Other Assets (Note 14) | 13,464 | 35,919 | 13,463 | 35,919 |
| Inventories (Note 14.1) | 52,074 | 52,074 | 52,074 | 52,074 |
| Total IFRS impairment losses | 340,514 | 240,408 | 285,673 | 222,724 |

29.2.2 Analysis of provision for loan losses per prudential guidelines

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Loans and advances | 17,562 | 17,652 | 17,562 | 17,652 |
| Lease rental due | 152,648 | 26,451 | 152,648 | 26,451 |
| Finance lease receivables | - | 8,100 | - | 3,466 |
| Trade and other receivables | 400,866 | 344,923 | 374,805 | 344,924 |
| Receivable from related companies | 50,971 | 61,515 | 50,971 | 61,515 |
| Other Assets | 17,765 | 355,420 | 17,765 | 355,420 |
| Inventories | 52,074 | 52,075 | 52,074 | 52,075 |
| Total prudential provision for losses | 691,886 | 866,136 | 665,825 | 861,503 |
| Statutory credit reserve company only | 351,372 | 625,728 | 380,152 | 638,779 |

30. Foreign currency translation reserve

| | | | | |
|-----------------------|------------------|------------------|----------|----------|
| At 1 January | 2,856,142 | 2,020,101 | - | - |
| Arising in the year | 790,816 | 836,041 | - | - |
| At 31 December | 3,646,958 | 2,856,142 | - | - |

30.1 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 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 31. Fair value reserve | | | | |
| At 1 January | 6,706 | 4,933 | 6,706 | 4,933 |
| Loss arising in the year (Note 12.3) | 2,333 | 1,773 | 2,333 | 1,773 |
| At 31 December | 9,039 | 6,706 | 9,039 | 6,706 |

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Group | | Company | |
|--------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 32. Revaluation reserve | | | | |
| At 1 January | 716,490 | 716,490 | 716,490 | 716,490 |
| At 31 December | 716,490 | 716,490 | 716,490 | 716,490 |

32.1 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 year.

| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 33. Non-controlling interest | | | | |
| At 1 January | 625,467 | 256,294 | - | - |
| Share of profit for the year | 39,812 | 8,727 | - | - |
| Share of dividend | - | (602) | - | - |
| Share of credit risk transfer | 2,205 | 1,902 | - | - |
| Share of transfer to statutory reserve for the year | 13,695 | 100 | - | - |
| Share of translation gain for the year | 192,905 | 359,045 | - | - |
| At 31 December | 874,083 | 625,467 | - | - |
| 34. Lease income | | | | |
| Finance lease interest income | 2,213,262 | 2,424,102 | 2,163,070 | 2,395,770 |
| Rental income on plant and equipment for lease | 12,173,936 | 13,647,535 | 8,705,755 | 8,652,186 |
| | 14,387,198 | 16,071,637 | 10,868,825 | 11,047,956 |
| 35. Lease expenses | | | | |
| Operating lease maintenance expense | 808,840 | 236,343 | 273,014 | 160,031 |
| Finance lease assets maintenance | 4,476,267 | 5,685,252 | 6,219,538 | 5,525,322 |
| Lease insurance expense | 526,899 | 532,188 | 331,982 | 304,632 |
| | 5,812,006 | 6,453,783 | 6,824,534 | 5,989,985 |
| 36. Outsourcing income | | | | |
| Outsourcing rental | 11,485,100 | 10,576,344 | 11,485,100 | 10,576,344 |
| Outsourcing service expense | (10,306,279) | (8,973,914) | (10,306,279) | (8,973,914) |
| Net outsourcing income | 1,178,821 | 1,602,430 | 1,178,821 | 1,602,430 |
| 37. Tracking and tagging income | | | | |
| a) Tracking income | 153,639 | 178,123 | 153,639 | 178,123 |
| b) Tracking expenses | (83,202) | (54,138) | (83,202) | (54,138) |
| Net tracking and tagging income | 70,437 | 123,985 | 70,437 | 123,985 |
| 38. Interest income | | | | |
| Placements with banks | 37,791 | 109,796 | 7,508 | 17,593 |

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| | Group | | Company | |
|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 39. Investment income | | | | |
| Gain on sale of plant and equipment for lease (Note 39.1) | - | 175,769 | - | - |
| Gain on sale of property, plant and equipment (Note 39.2) | 1,243,421 | 206,206 | 1,058,433 | 206,206 |
| Capital income | 284,354 | - | 284,354 | - |
| Investment income | 1,430 | 76,067 | 1,430 | 76,067 |
| Dividends received from EPIC FZE and C&I FZE | (331) | 4,101 | 740,075 | 575,009 |
| Management and operational fee from Joint Venture | - | 105,162 | 159,444 | 105,162 |
| Management fee from C&I FZE | - | - | - | 155,436 |
| Other income | 17,757 | 101,338 | 17,757 | 3 |
| | 1,546,631 | 668,643 | 2,261,493 | 1,117,883 |
| 39.1 Gain on sale of plant and equipment for lease | | | | |
| Gross value | 3,366,336 | 942,148 | 3,193,773 | 199,633 |
| Accumulated depreciation | (1,659,016) | (894,864) | (1,814,557) | (199,408) |
| Carrying amount | 1,707,320 | 47,284 | 1,379,216 | 225 |
| Proceeds from sale | 1,707,320 | 223,053 | 1,379,216 | (225) |
| Profit on disposal | - | 175,769 | - | - |
| 39.2 Gain on sale of property, plant and equipment | | | | |
| Gross value | 13,559 | 101,600 | 3,455 | 22,200 |
| Accumulated depreciation | (13,420) | (100,433) | (3,455) | (22,200) |
| Carrying amount | 140 | 1,167 | 0 | - |
| Proceeds from sale | 1,243,561 | 207,373 | 1,058,433 | 206,206 |
| Profit on disposal | 1,243,421 | 206,206 | 1,058,433 | 206,206 |
| 40. Other operating income | | | | |
| Insurance claims received | 69,791 | 4,518 | 69,791 | 4,518 |
| Insurance income on finance leases | 12,898 | 5,450 | 12,898 | 5,450 |
| Rent received | 19,520 | 20,800 | 19,520 | 20,800 |
| Foreign exchange gain | (70) | 125,967 | - | 111,062 |
| Miscellaneous Income | 44,141 | 248,067 | 1,982 | 222,439 |
| | 146,280 | 404,802 | 104,191 | 364,269 |
| 41. Impairment charges / (write-back) | | | | |
| 41.1 Impairment loss per statement of profit or loss and other comprehensive income: | | | | |
| Loans and advances (Note 10.1c) | 15,798 | - | 15,798 | - |
| Finance lease receivables not due for recovery (Note 11.4) | - | (10,473) | - | (10,473) |
| Finance lease receivables due for recovery (Note 10.1c) | 39,002 | (1,030) | 39,002 | (1,030) |
| Trade and other receivables (Note 13.2) | - | (24,912) | - | (24,912) |
| Receivable from related companies (Note 13.1) | 1,431 | (30,900) | 1,431 | (30,900) |
| Other Assets (Note 14) | - | 20,812 | - | 20,812 |
| Inventories (Note 14.1) | 69,897 | 49,207 | 6,718 | - |
| Dormant bank balances | 15,752 | 502 | 15,752 | 502 |
| | 141,879 | 3,206 | 78,700 | (46,001) |

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| | Group | | Company | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 42. Depreciation and amortization expense | | | | |
| 42.1 Depreciation expenses: | | | | |
| Plant and equipment for lease | 4,017,155 | 3,810,033 | 2,008,183 | 1,666,661 |
| Property, plant and equipment | 166,582 | 195,867 | 44,717 | 45,957 |
| 42.2 Amortisation of intangible assets: | | | | |
| - Computer software | 4,986 | 817 | 4,642 | - |
| | 4,188,723 | 4,006,717 | 2,057,542 | 1,712,618 |
| 43. Personnel expenses | | | | |
| Salaries and allowances | 1,104,893 | 1,026,764 | 1,019,417 | 940,098 |
| Pension contribution expense (Note 22.1) | 67,662 | 165,338 | 59,649 | 157,657 |
| Training and medical | 73,241 | 94,507 | 52,235 | 82,251 |
| Other Staff costs | 39,548 | 90,357 | 12,672 | 37,238 |
| | 1,285,344 | 1,376,966 | 1,143,973 | 1,217,244 |
| 44. Distribution expenses | | | | |
| Advertising | 7,183 | 17,378 | 5,835 | 16,244 |
| 45. Administrative expenses | | | | |
| Auditors' remuneration | 34,741 | 35,123 | 26,954 | 27,034 |
| Directors' emoluments | 132,732 | 133,332 | 111,710 | 90,200 |
| Foreign exchange loss | (148,681) | 182,161 | (148,850) | 180,897 |
| Bank charges | 17,027 | 218,091 | 2,680 | 190,283 |
| Fuel and maintenance | 216,359 | 188,251 | 66,238 | 45,908 |
| Insurance | 67,383 | 104,447 | 67,383 | 104,447 |
| Public relations | 1,910 | 4,040 | 1,910 | 4,040 |
| Travel and entertainment | 51,851 | 91,775 | 45,757 | 85,172 |
| Legal and professional expenses | 252,861 | 228,688 | 228,853 | 215,535 |
| Communications | 79,191 | 110,154 | 63,560 | 93,892 |
| Subscriptions | 40,545 | 76,342 | 25,841 | 67,770 |
| Levies | 24,185 | 6,201 | 5,248 | 5,711 |
| Penalties | 1,683 | - | 1,683 | - |
| Rent - Office | 32,814 | 49,957 | 9,829 | 23,011 |
| Printing and stationery | 10,832 | 6,435 | 10,050 | 6,195 |
| Electricity and other expenses | 17,337 | 29,394 | 14,519 | 28,861 |
| Security expenses | 23,949 | 21,490 | 23,949 | 21,490 |
| Other administrative expenses | 91,717 | 49,770 | 36,052 | 10,160 |
| | 948,436 | 1,535,651 | 593,366 | 1,200,605 |

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| | Group | | Company | |
|--------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 46. Finance Costs | | | | |
| Finance lease | 1,462,028 | 2,141,852 | 609,135 | 808,476 |
| Commercial notes | 1,459,766 | 1,973,722 | 1,459,766 | 1,973,722 |
| Term loans interest | 339,495 | 251,535 | 339,495 | 251,535 |
| Bank of Industry | 258,940 | 113,377 | 258,940 | 113,377 |
| Redeemable bonds | 1,513,082 | 998,232 | 1,513,082 | 998,232 |
| | 5,033,310 | 5,478,718 | 4,180,417 | 4,145,342 |

47. (Loss)/earnings per share

(Loss)/earnings per share (EPS) - basic, have been computed for each year 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 December 2021 (December 2020 : Nil).

| | | | | |
|--|------------------|---------------|------------------|---------------|
| (Loss)/profit after taxation | (24,431) | 310,508 | (196,291) | 270,063 |
| | Number | Number | Number | Number |
| Number of shares at year end | 781,646 | 781,646 | 781,646 | 781,646 |
| Time weighted average number of shares in issue | 781,646 | 781,646 | 781,646 | 781,646 |
| Diluted number of shares | 1,769,147 | 1,769,147 | 1,769,147 | 1,769,147 |
| (Loss)/earnings per share (EPS) (kobo) - basic | (3.13) | 39.72 | (25.11) | 34.55 |
| (Loss)/earnings per share (EPS) (kobo) - diluted | (1.38) | 17.55 | (11.10) | 15.27 |

48. Information regarding Directors and employees

48.1 Directors

48.1.1 Directors' emoluments

| | | | | |
|------------------|----------------|---------|----------------|--------|
| Fees | 62,901 | 71,147 | 41,879 | 28,015 |
| Other emoluments | 69,831 | 62,185 | 69,831 | 62,185 |
| | 132,732 | 133,332 | 111,710 | 90,200 |

48.1.2 Fees and emoluments disclosed above excluding pension contributions include amounts

| | | | | |
|-----------------|----------------|---------|----------------|--------|
| The Chairman | 2,900 | 2,900 | 2,900 | 2,900 |
| Other Directors | 129,832 | 130,432 | 108,810 | 87,300 |

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| | | Group | | Company | |
|---|------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 48.1.3 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 | | | | |
| 240,001 - | 400,000 | - | - | - | - |
| 400,001 - | 1,550,000 | 10 | 10 | 6 | 6 |
| 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 |
| | | <u>12</u> | <u>12</u> | <u>8</u> | <u>8</u> |

48.2 Employees

48.2.1 The average number of persons employed by the Group during the year was as follows:

| | | | | |
|--------------|------------|------------|------------|------------|
| Managerial | 16 | 15 | 14 | 13 |
| Senior staff | 31 | 32 | 26 | 27 |
| Junior staff | 286 | 305 | 253 | 270 |
| | <u>333</u> | <u>352</u> | <u>293</u> | <u>310</u> |

48.2.2 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 | 115 | 124 | 102 | 109 |
| 370,001 - | 420,000 | 94 | 98 | 89 | 93 |
| 430,001 - | 580,000 | 48 | 52 | 44 | 48 |
| 580,001 - | 700,000 | 17 | 19 | 17 | 19 |
| 700,001 - | 750,000 | 12 | 13 | 8 | 9 |
| 840,001 - | 850,000 | 11 | 13 | 9 | 11 |
| 1,000,001 - | 1,100,000 | 19 | 13 | 13 | 7 |
| 1,100,001 - | 1,150,000 | 4 | 5 | 3 | 4 |
| 1,200,001 - | 1,400,000 | 3 | 4 | 2 | 3 |
| 1,500,000 - | 1,550,000 | 3 | 4 | 2 | 3 |
| 1,650,000 - | 2,050,000 | 7 | 7 | 4 | 4 |
| | | <u>333</u> | <u>352</u> | <u>293</u> | <u>310</u> |

49. Reclassification of comparative figures

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

50. 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 taken into consideration in the preparation of these consolidated financial statements.

51. 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 2021 (31 December 2020 : Nil).

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52. 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 year end, and related expenses and incomes for the year are as follows:

52.1 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;

| Name of related party | Nature of Relationship | Nature of transaction with related party | Total transaction value in the period | | Balance receivable at: | | Balance payable at | |
|---|------------------------|--|---------------------------------------|------------------|------------------------|------------------|--------------------|------------------|
| | | | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | | | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Leasafri Ghana Limited | Subsidiary | Purchases, payments, shared services, loans to and from each party | - | 60,479 | - | - | - | 265,087 |
| EPIC International FZE United Arab Emirates | Subsidiary | Purchases, payments, shared services, loans to and from each party | - | (246,237) | 5,503,046 | 5,370,928 | - | - |
| C&I Leasing FZE | Subsidiary | Provision of chartered vessels within the Free trade zone. | - | (47,383) | - | 46,596 | - | - |
| SIFAX | JV with C& I | Joint venture to execute marine vessle services | - | (134,739) | 776,512 | 401,090 | - | - |
| OCS/C&I JV Current account | JV with C& I | Joint venture to execute marine vessle services | - | 7,178 | 71,881 | 44,585 | - | - |
| | | | - | (360,702) | 6,351,439 | 5,863,199 | - | 265,086 |

The loans to subsidiaries are non-collateralised 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

53. Segment reporting

53.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the Year ended 31 December 2021:

| | Fleet management N'000 | Personnel outsourcing N'000 | Marine services N'000 | Citrack N'000 | Total N'000 |
|----------------------------------|---------------------------------------|--|--------------------------------------|---------------------------------------|------------------------------|
| Gross earnings | 4,126,162 | 889,763 | 9,969,787 | 155,110 | 15,140,822 |
| Operating incomes | 3,525,582 | 733,948 | 6,572,117 | 154,034 | 10,985,681 |
| Operating expenses | (1,929,776) | - | (4,888,657) | (89,304) | (6,907,737) |
| Depreciation and amortisation | (1,028,138) | (6,252) | (1,022,504) | (648) | (2,057,542) |
| Personnel expense | (188,765) | (157,305) | (764,201) | (33,702) | (1,143,973) |
| Other operating expenses | (159,783) | (140,699) | (359,144) | (18,275) | (677,901) |
| Profit before taxation | 219,120 | 429,692 | (462,389) | 12,105 | 198,528 |
| Total assets employed | 2,767,532 | 1,522,143 | 23,302,619 | 83,026 | 27,675,320 |
| Interest expense | (600,580) | (155,815) | (3,422,946) | (1,076) | (4,180,417) |
| Earnings before interest and tax | 819,700 | 585,506 | 2,960,557 | 13,182 | 4,378,945 |
| ROCE (EBIT / total asset) | 30% | 38% | 13% | 16% | 16% |
| | | | | 2021 N'000 | 2020 N'000 |
| Geographical information | | | | | |
| 1. Revenue | | | | | |
| Nigeria | | | | 9,279,299 | 10,341,095 |
| Ghana | | | | 3,594,819 | 3,791,230 |
| United Arab Emirates | | | | 3,424,591 | 3,599,758 |
| C & I Leasing FZE | | | | 1,743,271 | 1,684,602 |
| | | | | 18,041,980 | 19,416,685 |
| | | | | 31 December 2021 N'000 | 31 December 2020 N'000 |
| 2. Total assets | | | | | |
| Nigeria | | | | 40,351,312 | 37,636,058 |
| Ghana | | | | 3,982,179 | 4,372,927 |
| United Arab Emirates | | | | 13,168,994 | 13,157,723 |
| C & I Leasing FZE | | | | 631,337 | 778,847 |
| | | | | 58,133,822 | 55,945,555 |

C & I LEASING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

54. Impact of Covid-19 on Company's operation

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 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 2021 and financial performance for the Year ended 31 December 2021 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. Events after the reporting date

There are no events after reporting date which could have a material effect on the financial statements of the Company as at 31 December 2021 or the financial performance for the year ended that have not been adequately provided for or disclosed

C & I LEASING PLC

**CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2021**

OTHER NATIONAL DISCLOSURES

C & I LEASING PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP

| | 31 December 2021 N'000 | % | 31 December 2020 N'000 | % |
|---|------------------------------|------------|------------------------------|------------|
| Gross income | 18,041,980 | | 19,416,685 | |
| Interest expense | <u>(5,033,310)</u> | | <u>(5,478,718)</u> | |
| | 13,008,670 | | 13,937,967 | |
| Bought in goods and services: | | | | |
| - Local | (1,615,755) | | (2,429,110) | |
| - Foreign | - | | - | |
| Value added | <u>11,392,915</u> | <u>100</u> | <u>11,508,857</u> | <u>100</u> |
| Distribution: | | | | |
| Payment to employees: | | | | |
| Salaries, wages and other benefits | 1,285,344 | 11 | 1,376,966 | 12 |
| To pay government: | | | | |
| Current income tax | 270,738 | 2 | 168,890 | 1 |
| To pay shareholders: | | | | |
| Dividend | 583,520 | 5 | 156,329 | 1 |
| To pay providers of capital: | | | | |
| Interest | 5,033,310 | 44 | 5,478,718 | 48 |
| Retained for future replacement of assets and expansion of business: | | | | |
| - Depreciation | 4,188,723 | 37 | 4,006,717 | 35 |
| - Profit for the year | <u>31,280</u> | <u>-</u> | <u>321,238</u> | <u>3</u> |
| | <u>11,392,915</u> | <u>100</u> | <u>11,508,857</u> | <u>100</u> |

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 2021

| COMPANY | 31 December 2021 | | 31 December 2020 | |
|---|-------------------------|-------------------|-------------------------|-------------------|
| | N'000 | % | N'000 | % |
| Gross income | 15,166,097 | | 14,709,508 | |
| Interest expense | (4,180,417) | | (4,145,342) | |
| | <u>10,985,680</u> | | <u>10,564,166</u> | |
| Bought in goods and services: | | | | |
| - Local | (3,061,578) | | (3,069,630) | |
| - Foreign | - | | - | |
| | <u>-</u> | | <u>-</u> | |
| Value added | <u>7,924,102</u> | <u>100</u> | <u>7,494,536</u> | <u>100</u> |
| Distribution: | | | | |
| Payment to employees: | | | | |
| Salaries, wages and other benefits | 1,143,973 | 14 | 1,217,244 | 16 |
| To pay Government: | | | | |
| Current income tax | 154,941 | 2 | 149,269 | 2 |
| To pay shareholders: | | | | |
| Dividend | 583,520 | 7 | - | - |
| To pay providers of capital: | | | | |
| Interest | 4,180,417 | 53 | 4,145,342 | 55 |
| Retained for future replacement of assets and expansion of business: | | | | |
| - Depreciation of property, plant and equipment | 2,057,542 | 26 | 1,712,618 | 23 |
| - Profit for the year | (196,291) | (2) | 270,063 | 4 |
| | <u>7,924,102</u> | <u>100</u> | <u>7,494,536</u> | <u>100</u> |

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

| | 2021 N'000 | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statement of financial position | | | | | |
| Assets | | | | | |
| Cash and balances with banks | 3,190,044 | 1,418,970 | 1,989,532 | 1,712,543 | 1,239,836 |
| Loans and advances | 801,289 | 499,410 | 557,587 | 387,148 | 351,957 |
| Finance lease receivables | 1,731,255 | 2,286,385 | 3,090,821 | 1,999,330 | 1,515,030 |
| Investment securities at fair value through other comprehensive income | 9,668 | 7,335 | 5,562 | 26,053 | 26,180 |
| Trade and other receivables | 7,994,897 | 6,556,968 | 8,700,509 | 7,754,625 | 6,584,292 |
| Other assets | 9,102,404 | 7,781,508 | 7,544,148 | 6,759,800 | 5,533,727 |
| Investment in subsidiaries | - | - | - | - | - |
| Investment in joint ventures | 2,857,475 | 2,470,856 | 1,334,226 | 755,205 | 52,634 |
| Current income tax assets | - | - | - | - | 55,178 |
| Intangible assets | 40,531 | 431 | 23,190 | 45,169 | 15,955 |
| Plant and equipment for lease | 30,223,322 | 32,631,064 | 30,556,351 | 30,686,724 | 27,167,387 |
| Property, plant and equipment | 1,291,555 | 1,438,021 | 1,579,191 | 1,631,281 | 1,584,522 |
| Deferred income tax assets | 891,383 | 854,607 | 854,607 | 854,607 | 854,607 |
| Total assets | 58,133,823 | 55,945,556 | 56,235,724 | 52,612,485 | 44,981,305 |
| Liabilities | | | | | |
| Balance due to banks | 978,197 | 928,135 | 1,311,860 | 883,917 | 1,120,306 |
| Commercial notes | 11,501,026 | 15,438,233 | 14,333,056 | 10,727,157 | 9,672,506 |
| Trade and other payables | 5,919,283 | 4,770,861 | 7,204,081 | 7,074,974 | 6,655,024 |
| Current income tax liability | 448,326 | 220,271 | 185,180 | 144,494 | 139,275 |
| Deferred income tax liability | - | 13,545 | 88,146 | 129,214 | 168,082 |
| Deposit for shares | 1,975,000 | 1,975,000 | 1,975,000 | 1,975,000 | 2,283,312 |
| Loans and borrowings | 23,449,435 | 19,170,768 | 21,335,227 | 21,825,128 | 18,125,421 |
| Total liabilities | 44,271,267 | 42,516,813 | 46,432,550 | 42,759,884 | 38,163,926 |
| Equity | | | | | |
| Share capital | 390,823 | 390,823 | 202,126 | 202,126 | 808,505 |
| Share premium | 3,361,609 | 3,361,609 | 1,285,905 | 1,285,905 | 679,526 |
| Retained earnings | 3,216,793 | 3,583,738 | 3,224,284 | 2,767,444 | 1,960,108 |
| - Statutory reserve | 1,295,389 | 1,262,039 | 1,234,788 | 1,187,206 | 1,121,580 |
| - Statutory credit reserve | 351,372 | 625,728 | 858,253 | 373,682 | 160,600 |
| - Foreign currency translation reserve | 3,646,958 | 2,856,142 | 2,020,101 | 2,978,402 | 1,126,805 |
| - Fair value reserve | 9,039 | 6,706 | 4,933 | 5,161 | 5,288 |
| - Assets revaluation reserve | 716,490 | 716,490 | 716,490 | 716,490 | 683,400 |
| | 12,988,473 | 12,803,276 | 9,546,880 | 9,516,416 | 6,545,812 |
| Non-controlling interest | 874,083 | 625,467 | 256,294 | 336,185 | 271,567 |
| Total equity | 13,862,556 | 13,428,743 | 9,803,174 | 9,852,601 | 6,817,379 |
| Total liabilities and equity | 58,133,823 | 55,945,556 | 56,235,724 | 52,612,485 | 44,981,305 |

C & I LEASING PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER

2021
N'000

2020
N'000

2019
N'000

2018
N'000

2017
N'000

Statement of profit or loss and other comprehensive income

| | | | | | |
|---|---------------------|--------------|--------------|--------------|--------------|
| Gross earnings | 18,041,980 | 19,416,685 | 31,912,153 | 27,674,198 | 21,390,439 |
| Lease/outsourcing/tracking income | 26,025,937 | 26,826,104 | 30,943,702 | 26,711,504 | 21,335,872 |
| Lease/outsourcing/tracking expense | (16,201,487) | (15,481,835) | (18,209,534) | (15,069,602) | (14,002,757) |
| Net operating income | 9,824,450 | 11,344,269 | 12,734,168 | 11,641,902 | 5,711,359 |
| Other operating income | 1,730,702 | 1,183,241 | 968,451 | 962,694 | 54,567 |
| Impairment charge | (141,879) | (3,206) | (74,801) | (6,483) | (235,325) |
| Depreciation expenses | (4,188,723) | (4,006,717) | (3,942,596) | (3,782,011) | (3,037,925) |
| Personnel expenses | (1,285,344) | (1,376,966) | (1,682,923) | (1,438,454) | (1,227,219) |
| Distribution expenses | (7,183) | (17,378) | (18,690) | (15,218) | - |
| Other operating expenses | (5,981,746) | (7,014,369) | (7,549,969) | (6,329,991) | (1,591,105) |
| Share of profit from joint venture | 591,620 | 381,254 | 579,021 | 507,794 | 20,531 |
| Profit/(loss) before tax | 541,897 | 490,129 | 1,012,661 | 1,540,233 | (305,117) |
| Income tax expense | (510,617) | (168,890) | (73,239) | (342,470) | (162,783) |
| Profit/(loss) after tax | 31,280 | 321,239 | 939,422 | 1,197,763 | (467,900) |
| Profit from discontinued operation | - | - | - | - | 15,294 |
| | 31,280 | 321,239 | 939,422 | 1,197,763 | (452,606) |
| (Loss)/profit attributable to: | | | | | |
| Owners of the parent | (24,431) | 310,508 | 1,019,313 | 1,133,146 | 1,064,854 |
| Non-controlling interest | 55,711 | 10,730 | (79,891) | 64,617 | 49,729 |
| | 31,280 | 321,238 | 939,422 | 1,197,763 | 1,114,583 |
| (Loss)/earnings per share in kobo (basic) | (3.13) | 39.72 | 252.00 | 280.31 | 65.85 |

C & I LEASING PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER

| | 2021 N'000 | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statement of financial position | | | | | |
| Assets | | | | | |
| Cash and balances with banks | 2,932,822 | 1,155,040 | 513,095 | 1,419,542 | 466,607 |
| Loans and advances | 789,831 | 481,520 | 544,563 | 387,151 | 334,507 |
| Finance lease receivables | 1,731,255 | 2,286,385 | 2,988,108 | 1,832,307 | 1,508,560 |
| Investment securities at fair value through other comprehensive income | 9,668 | 7,335 | 5,562 | 26,053 | 26,180 |
| Trade and other receivables | 12,121,664 | 9,745,067 | 13,327,408 | 16,791,293 | 13,987,462 |
| Other assets | 9,496,613 | 8,075,922 | 7,251,771 | 6,416,405 | 5,331,628 |
| Investment in subsidiaries | 759,467 | 759,468 | 759,467 | 758,967 | 758,967 |
| Investment in joint ventures | 2,857,475 | 2,470,854 | 1,334,226 | 755,205 | 52,634 |
| Current income tax assets | - | - | - | - | - |
| Intangible assets | 40,442 | - | - | 3,758 | 8,855 |
| Plant and equipment for lease | 15,276,079 | 17,437,838 | 13,986,222 | 5,767,999 | 4,764,096 |
| Property, plant and equipment | 1,164,502 | 1,204,575 | 1,232,294 | 1,236,624 | 1,186,743 |
| Deferred income tax assets | 854,607 | 854,607 | 854,607 | 854,607 | 854,607 |
| Total assets | 48,034,425 | 44,478,612 | 42,797,323 | 36,249,911 | 29,280,846 |
| Liabilities | | | | | |
| Balance due to banks | 978,185 | 918,761 | 133,375 | 847,441 | 1,062,622 |
| Commercial notes | 11,602,430 | 15,438,232 | 14,303,470 | 10,705,125 | 9,643,606 |
| Trade and other payables | 5,456,059 | 3,551,866 | 5,518,432 | 6,432,407 | 5,991,895 |
| Current income tax liability | 347,432 | 242,613 | 96,843 | 85,559 | 139,274 |
| Deferred income tax liability | - | - | - | - | - |
| Deposit for shares | 1,975,000 | 1,975,000 | 1,975,000 | 1,975,000 | 2,283,312 |
| Loans and borrowings | 21,475,473 | 15,374,818 | 14,972,388 | 12,052,228 | 6,444,123 |
| Total liabilities | 41,834,579 | 37,501,290 | 38,199,908 | 32,097,760 | 25,564,832 |
| Equity | | | | | |
| Share capital | 390,823 | 390,823 | 202,126 | 808,505 | 808,505 |
| Share premium | 3,361,609 | 3,361,609 | 1,285,905 | 679,526 | 679,526 |
| Retained earnings | 467,963 | 989,145 | 682,945 | 769,604 | 657,899 |
| - Statutory reserve | 873,770 | 873,770 | 846,763 | 799,182 | 733,555 |
| - Statutory credit reserve | 380,152 | 638,779 | 858,253 | 373,682 | 147,842 |
| - Fair value reserve | 9,039 | 6,706 | 4,933 | 5,161 | 5,287 |
| - Assets revaluation reserve | 716,490 | 716,490 | 716,490 | 716,491 | 683,400 |
| Total equity | 6,199,847 | 6,977,322 | 4,597,415 | 4,152,151 | 3,716,014 |
| Total liabilities and equity | 48,034,426 | 44,478,612 | 42,797,323 | 36,249,911 | 29,280,846 |

C & I LEASING PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER

| | 2021 N'000 | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 |
|---|-------------------|----------------|----------------|----------------|----------------|
| Statement of profit or loss and other comprehensive income | | | | | |
| Gross earnings | 15,166,097 | 14,709,508 | 25,193,465 | 20,016,781 | 16,098,362 |
| Lease/outsourcing/tracking income | 22,507,564 | 21,802,423 | 23,652,225 | 19,269,576 | 16,279,121 |
| Lease/outsourcing/tracking expense | (17,214,015) | (15,018,037) | (17,940,714) | (13,641,944) | (12,390,188) |
| Net operating income | 5,293,549 | 6,784,386 | 5,711,511 | 5,627,632 | 3,888,933 |
| Other operating income | 2,373,192 | 1,499,745 | 1,540,601 | 561,340 | 54,567 |
| Impairment (charge)/writeback | (78,700) | 46,001 | 639 | 185,865 | (235,326) |
| Depreciation expenses | (2,057,542) | (1,712,618) | (1,005,365) | (985,393) | (814,978) |
| Personel expenses | (1,143,973) | (1,217,244) | (1,239,318) | (1,058,617) | (88,042) |
| Distribution expenses | (5,835) | (16,244) | (13,334) | (11,816) | (23,818) |
| Other operating expenses | (4,773,783) | (5,345,947) | (5,001,096) | (4,158,464) | (2,294,955) |
| Share of profit from joint venture | 591,620 | 381,254 | 579,021 | 507,794 | 20,531 |
| Profit before tax | 198,529 | 419,332 | 572,659 | 668,341 | 506,912 |
| Income tax expense | (394,820) | (149,269) | (96,843) | (230,827) | (70,949) |
| Profit/(loss) after tax | (196,291) | 270,063 | 475,816 | 437,514 | 435,963 |
| Profit from discontinued operation | - | - | - | - | 15,294 |
| Profit/(loss) attributable to: | | | | | |
| Owners of the parent | (196,291) | 270,063 | 475,816 | 437,514 | 451,257 |
| | (196,291) | 270,063 | 475,816 | 437,514 | 451,257 |
| (Loss)/earnings per share in kobo (basic) | (25.11) | 34.55 | 118.00 | 108.23 | 27.91 |