LEADWAY
CAPITAL & TRUSTS LIMITED
RC 268275

INSPIRED

2023 Annual Report

Notice is hereby given that the 20th Annual General Meeting of **LEADWAY CAPITAL AND TRUSTS LIMITED** will convene virtually via Cisco Webex on Monday, 25th March 2024 at 11:00am for the following purposes:

Ordinary Business

1. To receive and consider the Audited Financial Statements for the year ended 31st December 2023 and the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To re-elect Mr. Oye Hassan-Odukale who in accordance with Section 285 (1 & 2) of the Companies and Allied Matters Act 2020, retires by rotation, but is eligible and offers himself for re-election.
4. To authorize the Directors to fix the remuneration of the Auditors.
5. To disclose the remuneration of Managers.

BY ORDER OF THE BOARD

Olumide Hanson
COMPANY SECRETARY
FRC/2019/PRO/NBA/004/00000019064
121/123, Funso Williams Avenue,
Iponri, Surulere,
Lagos.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. Attendance shall be virtual and also by proxy. To be valid, executed forms of proxy should be deposited at the Office of the Company Secretary, Leadway Capital and Trusts Limited, 121/123, Funsho Williams Avenue, Surulere, Lagos, or sent via email to c-secretariat@leadway.com not later than 48 hours before the time of holding the meeting.

2. The Register of Members and their shareholding is available for inspection, at the office of the Company Secretary during normal business hours, from the date of this notice until the close of business on Thursday, 21st March 2024.

Esteemed Shareholders, Members of the Board of Directors, Distinguished Ladies and Gentlemen, I am pleased to welcome you to the 20th Annual General Meeting of Leadway Capital and Trusts Limited to present to you our financial statements and reports for the financial year ended 31st December, 2023.

YEAR 2023 IN RETROSPECT

As the world economy continued to grapple with the impact of the Russian-Ukraine conflict, economic growth in 2022 declined and inflation rate rose in both advanced and emerging economies.

The Nigerian economy equally experienced a stunted growth in 2023 driven by a combination of policy mismatch, surge in inflation and significant erosion of the local currency's value while other socio-economic indicators also deteriorated.

The expectation of succor from the newly elected government was short-lived as the pronouncement of an end to subsidy on premium motor spirit (PMS) on May 29 2023 led to a 210% increase in the price of PMS according to the National Bureau of Statistics (NBS).

In order to address the rising domestic inflationary pressures and support economic growth, the Central Bank of Nigeria (CBN) through its Monetary Policy Committee, raised the Monetary Policy Rate (MPR) thrice within the period under review from 16.75% to 18.75%. These policy decisions along with other regulatory bottlenecks invariably impacted business across all industries.

Nigeria's public debt profile including external and domestic debt, grew significantly to N87.91trn ($114.35bn) as at Q3 2023 from N46.25trn ($103.11bn) recorded in the corresponding period of 2022. Headline inflation rate also closed the year at 28.92% following 11 consecutive months' increase in the course of the year.

Overall, the Gross Domestic Product (GDP) in 2023 as reported by the Nigerian Bureau of Statistics (NBS) grew by 2.74% relative to 3.10% in the previous year driven by an improvement in the Oil Sector owing to a significant increase in average daily oil production compared to 2022. The Non-Oil Sector's growth stood at 3.04% in 2023, lower than the 4.84% growth rate recorded in 2022.

Notwithstanding the CBN's move towards the unification of exchange rates through its announcement that all foreign exchange will take place in the Investors and Exporters (I&E) window introducing the willing buyer, willing seller model, the foreign exchange rate suffered an unprecedented depreciation from N449/$1 on first business day of 2023 to N999/$1 on the last business day of the year while the expectation of a stable Naira remains shrouded in uncertainty.

Nevertheless, the economy remains circumspectly positive in 2024 as there seems to be numerous prospects and opportunities for economic growth. The new administration appears to be gradually settling down in the midst of the storm with renewed hope for economic repositioning, while opportunities for financial inclusion of our considerable population remains very wide open.

OUR FINANCIAL PERFORMANCE

During the period under review the company's gross earnings increased by 11% from NGN899m in 2022 to NGN998 in 2023. The growth was largely due to increase in micro loan income.

Total expenses also increased by 33% from NGN370million in 2022 to NGN491 million during the year under review. This was due to staff salary and management expenses increase during the year.

The company's total asset grew by 93% from NGN6.9 billion in 2022 to NGN13.4 billion in 2023 This was primarily due to growth in client's trust assets and the value of unquoted equities in the books of the company. The company's liabilities also increased by 170% from NGN1.5 billion in 2022 to NGN4 billion in 2023.

DIVIDEND

In fulfilment of the commitment of the company to maximize shareholders' wealth through tangible returns, the Board of Directors of the company hereby recommends a cash dividend of N250,000,000.00 translating to N0.25k per ordinary share subject to withholding tax at the prevailing rate for approval at the Annual General Meeting.

LOOKING FORWARD

According to the International Monetary Fund (IMF), the global economy growth rate is projected at 3.1% in 2024 while the Nigerian economy growth rate is projected at 3.3% as major forces which shaped the world economy in 2023 seem set to continue in 2024 but with changed intensities.

Nigerian Headline inflation rate was also predicted by the IMF to decline to 20% in 2024 and 15.3% in 2025. However, it appears the local economic environment would be more challenging in 2024 compared to 2023. Hence, increased costs would invariably impact individual and corporate income levels.

We remain resilient in the implementation of our strategic objectives as well as our engagement with key stakeholders across the value chain in order to further expand our business frontiers by offering better solutions to a wider market in 2024.

Our commitment to drive strategic initiatives premised on digital technology, innovative ideas and talents while managing our costs in the most prudent and efficient manner remains unwavering. We remain well positioned to deliver value and sustainable growth to our business while striving to meet the basic and remote demands of our clients both home and abroad.

CONCLUSION

Our overall performance in 2023 was no doubt an improvement on our 2022 performance amidst the harsh operating environment, which can only be attributed to the collective diligence and determination of our loyal workforce, the professionalism and extraordinary leadership of my colleagues on the Board and the confidence reposed in the company by its shareholders.

I wish to acknowledge the collective efforts of the Management and staff whose passion and commitment have contributed immensely to the improved performance recorded in 2023.

I am confident that our customer centricity and focus on innovation and long term value creation will continue to be key drivers of our success in the years ahead.

Thank you

Certificate of Incorporation Number	RC 298275
Date of incorporation	22 March 1996
Directors:	
Mr. Oye Hassan-Odukale	Chairman
Mr. Tunde Hassan-Odukale	Non-Executive Director
Mrs. Fehintola Obatusin	Non Executive Director
Mr. Muftau Oyegunle	Non-Executive Director
Mrs. Tokunbo Okunbide-Ibrahim	Non-Executive Director, Independent
Mr. Ayo Wuraola	Managing Director
Company secretary:	Olumide Hanson FRC/2019/NBA/00000019084
Corporate Office:	121/123 Funso Williams Avenue, Iponri Surulere, Lagos, Nigeria
Auditor:	KPMG Professional Services KPMG Towers Bishop Aboyade Cole Street Victoria Island Tel (01)2718955
Bankers:	Citibank Nigeria Limited FBN Bank (UK) Limited First Bank of Nigeria Limited Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Access Bank Plc Optimus Bank Parallex Bank Zenith Bank Plc
Solicitors:	Lawfields & Associates, 25 King George V Road, Lagos Island, Lagos. Knightbridge Solicitors 1,Kandi Close, Off Aminu Kano Crescent, Wuse 2 Abuja. Charles Musa & Co. 35 Simpson Street Lagos Island Lagos
Tax identification number:	02156077-0001

The directors have pleasure in presenting their annual report on the affairs of Leadway Capital and Trusts Limited ("the company") together with the financial statements and the auditor's report for the year ended 31 December 2023.

Legal form and principal activity

The Company was incorporated in Nigeria as a private limited liability company on 22nd March 1992 and commenced business on 16th September 2003.
The Company is principally engaged in the business of providing Trust services, wills drafting services, short term finance and equipment leasing.

Operating results

The highlights of the Company's operating results for the year ended 31 December 2023 are as follows:

	Company 31-Dec-23	Company 31-Dec-22
	N'000	N'000
Gross Revenue	898,342	809,795
Profit before tax	734,254	783,713
Income tax expense	(157,581)	(195,633)
Profit for the year	576,673	588,080
Other comprehensive income/(Loss)	3,580,896	(481,736)
Total comprehensive income	4,157,570	106,344
Earnings per share (kobo) - Basic/diluted	4.16	0.11
Profit attributable to:		
Owners of the Company	576,673	588,080
	576,673	588,080
Appropriation of profit attributable to owners of the company		
Transfer to:		
Fair value reserve FVOCI	3,580,896	(481,736)
Retained earnings	576,673	588,080
	4,157,570	106,344

Dividends

The dividend declared and paid in 2023 was N250million at 25kobo per share in respect of 2022 financial year. A dividend of N250million at 25kobo per share will be proposed at the next annual general meeting in respect of the year ended 31 Dec 2023. This has been disclosed in the financial statements.

Directors and their interest

In accordance with sections 301 and 302 of the Companies and Allied Matters Act of Nigeria, 2020. Every company shall keep a register showing as respects each director of the company (not being its holding company) the number, description and amount of shares in, or debentures of the company or any other corporate body. The directors who held office, together with their direct and indirect interests in the shares of the company, were as follows:

	Direct 31-Dec-23	Indirect 31-Dec-23	Direct 31-Dec-22	Indirect 31-Dec-22
Mr. Oye Hassan-Odukale	55,111,107	-	55,111,107	-
Mr. Tunde Hassan-Odukale	24,999,999	-	24,999,999	-
Mrs. [illegible]				
Mr. Muftau Oyegunle		12,037,032		12,037,032
Mrs. Tokunbo Ibrahim-Olumbiyi	-	-	-	-
Mr. Ayo [illegible]	11,111,107	-	11,111,107	-

Analysis of shareholding

The analysis of the distribution of the shares of the Company is as follows:

	31 December 2023			
	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 200,000,000	2	[illegible]	807,701,514	81%
20,000,001 - 200,000,000	3	14%	137,222,222	14%
Below 20,000,000	9	[illegible]	55,076,264	6%
Total	14	100%	1,000,000,000	100%

31 December 2022

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Above 200,000,000	2	81%	807,731,514	81%
20,000,001 - 200,000,000	3	14%	137,222,222	14%
Below 20,000,000	9	5%	55,046,264	5%
Total	14	100%	1,000,000,000	100%

Shareholders with Substantial Interest in Shares

Name of shareholders	Nationality of shareholder	No. of holdings	Percentage of holdings
Leadway Holdings Limited	Nigeria	529,953,734	53%
Haskal Holdings Limited	Nigeria	277,777,780	28%

Property and equipment

Information relating to changes in property and equipment is given in Note 13 to these financial statements.

Donations and charitable gifts

There was no donation during the financial year 2023. 2022 (NIL)

Post balance sheet events

Aside from the dividend of N250million(25kobo per share) proposed by the Board of Directors (Dec 2022: 25k) there were no other events subsequent to the financial date which require adjustment to, or disclosure in, these financial statements.

Diversity in Employment

The Company is an equal opportunity employer. Its recruitment process is devoid of any form of racial, gender or religious bias. The Company boasts of a diverse and modern workforce made up of individuals (male and female) with varying skills, backgrounds and experiences. The inclusive environment promotes equity and self-belief among employees and discourages all forms of discrimination.

Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Comprny's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development.

Health, safety and welfare of employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.
The Group also operates a contributory pension plan in line with the Pension Reform Act, 2014. It is also fully compliant with the provisions of the Employee Compensation Act. Employees are also covered under the Group Personal Accident and Workmen's Compensation Insurance schemes.

Employee involvement and training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. Thus, the Company provides opportunities for employees to deliberate on issues affecting them, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, employees are sponsored for various training courses both locally and internationally.

Directors' interests in contracts

In accordance with sections 302 and 303 of the Companies and Allied Matters Act of Nigeria, 2020, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year (2022: Nil).

Auditors

Messrs KPMG professional services having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue on office as auditors to the company in accordance with section 401 (2) of the companies and Allied Matters Act of Nigeria, 2020 Therefore the Auditors will be reappointed at the next annual general meeting of the company without any resolution being passed.

BY ORDER OF THE BOARD

Olumide Hanson
FRC/2019/NBA/00000019064
Company Secretary
121/123 Funso Williams Avenue
Iponri, Lagos
29, February, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

In accordance with IFRS accounting standards as issued by International Accounting Standard Boards (IFRS Standards) and in the manner rquired by the provisions of Sections 377 and 378 of the Companies and Allied Matters Act, 2020, the Financial reporting council of Nigeria (Amendment Act 2023) the Directors accept responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss for the year ended 31 December, 2023 and in so doing they ensure that:

- Proper accounting records are maintained
- Applicable accounting standards are followed
- Suitable accounting policies are adopted and consistently applied
- Judgments and estimates made are reasonable and prudent
- The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business
- Internal control procedures are instituted which as far as reasonable possible, safeguards the assets of the Company and prevent and detect fraud and other irregularities

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the IFRS accounting standardsas issued by the International Accounting Standard Board (IFRS Standards) and the requirements of the Companies and Allied Matters Act, 2020 and Financial reporting council of Nigeria (Amendment Act 2023).

The Directors are of the opinion that the year ended 31 December, 2023 financial statements give a true and fair view of the state of affairs of the Company.

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

The Directors have made an assessment of the company's ability to continue as a going concern.
Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least 12 months from the date of this statement.

Signed on behalf of the Board of Directors:

Oye Hassan-Odukale
Chairman
FRC/2013/IODN/00000001953
Dated: 29, February, 2024

Ayo Wuraola
Chief Executive Officer
FRC/2013/CISN/00000004036
Dated: 29, February, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS accounting Standards issued by the International Accounting Standards Boards and in the manner required by the Companies and Allied Matters Act, (CAMA) 2020, the Financial Reporting Council of Nigeria (Amendment) act,2023 and relevant SEC acts.

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

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

SIGNED ON BEHALF OF THE DIRECTORS BY:

Oye- Hassan Odukale	Ayodeji Wuraola
Chairman	Chief Executive Officer
FRC/2013/IODN/00000001983	FRC/2013/CIGN/00000004036
29 February, 2024	29, February, 2024

INTRODUCTION

Leadway Capital and Trusts Limited is committed to adhering with high standards of good corporate governance at all levels of its operations. The Board of Directors has taken steps to ensure the implementation of corporate governance principles that guarantee fairness, accountability and transparency in all its dealings within and outside the Company. Leadway Capital and Trusts Limited complies with all laws, regulations, rules and guidelines, applicable to its business, including the Code of Business Ethics and the Nigerian Code of Corporate Governance issued by the Financial Reporting Council (FRC), Nigeria.

a. COMPOSITION OF DIRECTORS

The Board of Leadway Capital & Trusts Limited comprises a total of six (6) directors as at 31 December 2023. This includes the Chairman, (who is a Non-Executive Director), the Managing Director, one Independent Non-Executive Director and three other Non-Executive Directors. The members of the Board are reliable, skilled and bring to the Board decades of experience and expertise which positively impact the oversight responsibility of the Board. Their level of expertise has manifested in the strategic direction of the company and continuous high quality of management policies formulated.

b. SEPARATION OF THE ROLE OF THE CHAIRMAN FROM THE MANAGING DIRECTOR

The way and manner the company structured the roles of the Chairman and the Managing Director has assisted in averting overlap of roles. The Chairman who is first among equals is responsible for the overall leadership of the Board and for creating enabling environment for the effectiveness of individual directors, while the Managing Director is responsible for the day to day running of the company to achieve overall efficiency of management controls. This is done in accordance with the Nigerian Code of Corporate Governance 2018.

c. DIVERSITY

Leadway Capital and Trusts Limited is well abreast with the importance of diversity to the continuity of the company and this facilitates valuable discuss at the Board level. This better reflects the company's relationship with all of its stakeholders and allows the company to attract and retain its talents, particularly women. The company has its diversity policy and has established a balanced gender diversity on the Board with a female to male proportion of 33% to 67%. Also, the company maintains a 47% to 53% proportion of women to male employees of the company, out of which majority of the Senior Management members are male. The company is committed to improving other dimensions on diversity to reflect global best standard and will reflect its efforts in future disclosures.

d. PROCESS OF BOARD APPOINTMENT

The process for the selection, nomination and appointment of a candidate to the Board is essential to ensure the Company has an optimum combination of experience and commitment and improve the effectiveness of the Board.

Potential candidates are identified by referrals of suitably qualified individuals from other Directors, and/or engaging external consultants that will present diverse candidates from the pool of candidates sourced.

Due to the size of the Company, the oversight responsibility of the Board is not delegated to the Nomination, Remuneration and Governance Board Committee. As such, the Board being guided by the Succession and Diversity policies in its engagement, takes on the responsibility to interview the suitable candidates, having regard to the expertise, integrity, qualification, age, experience, positive attributes, independence, competency, relationships, industry standing, diversity of gender, background, professional skills and personal qualities required to operate successfully as director.

Board Training and Induction

The Chairman, in conjunction with the Company Secretary, is responsible for ensuring that induction programmes are conducted for new Directors and a continuing education programme is in place for all Directors. The continuing education is expected to assist directors to consistently familiarize themselves with their roles and responsibilities, Corporate Governance, the Company's strategic aim, operations, and the business environment within which the company operates.

The company has a training policy which requires new directors to undergo an Orientation and Induction programme. This is expected to hold within three months of the director's appointment and entails an engagement with the Management of the company coordinated by the Company Secretary. The various sessions provide directors with understanding of the company's business, current strategy/business plan, Organization Structure, delegation of authority, Board and Board Committees' annual plan, Corporate Governance and Risk Management information, the company's Board approved policies and Code of Conduct and Ethics.

Directors are encouraged to attend internal and external seminars and workshops that are organized on the financial standards, the objects of the company and new development within Corporate Governance in order to enhance their skills and knowledge.

During the year, the directors of the company attended the following training to enhance their knowledge in the discharge of their duties within the company:
i Directors' Training on Operational Resilience facilitated by the Group Chief Risk Officer, Leadway Holdings Limited.

e. BOARD EVALUATION

The evaluation of the directors on Board effectiveness is fundamental in the Board Governance Structure. This evaluation entails a rigorous evaluation process conducted every year to assess the performance of the Board, individual directors and assessment of the Corporate Governance Practices.

This exercise has been previously carried out in 2020 by Ernst & Young and the outcomes reported to the Board and the sectoral regulator. In view of the requirement by the Nigerian Code of Corporate Governance 2018 which provides for Board Evaluation to be facilitated by an Independent External Consultant, the Evaluation for the year 2023 will be facilitated by PricewaterhouseCoopers (PwC).

The consultant understands the expectation on Corporate Governance and is expected to improve on the Evaluation carried out in the prior year, measure the extent of resolution of the gaps identified and provide an independent assessment report.

f. DIRECTORS STANDING FOR RE-ELECTION

In compliance with Section 285 (1) and (2) of the Companies and Allied Matters Act 2020, one-third of the company's directors are required to retire by rotation at the Annual General Meeting (AGM). This is applicable to directors who have been longest in office since their last election.

Consequently, Mr. Oye Hassan-Odukale is up for retirement and is eligible for re-election at the next Annual General Meeting. He has offered himself for re-election.

The Board is proposing his re-election to the Shareholders for approval, having satisfied itself that he is qualified based on his valuable contribution at Board meetings, deliverables on the expectations in relation to his role and responsibilities and continuing value to the Board through in-depth reasoning, knowledge, experience and expertise.

g. BOARD RESPONSIBILITY

The Board is saddled with the responsibility of making policies for the company, reviewing corporate performance, monitoring strategic decisions while ensuring regulatory compliance, safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board met four (4) times in the last financial year and through their leadership, the company was able to achieve its set objectives. The record of the attendance is provided below.

Meetings Held	1	2	3	5
Name	24th March, 2023	6th June, 2023	17th July, 2023	17th November, 2023
Mr. Oye Hassan-Odukale (Chairman, Non-Executive)	√	√	√	√
Mr. Ayo Wurade (Managing Director)	√	√	√	√
Mr. Tunde Hassan-Odukale (Non-Executive)	√	√	√	√
Mrs. Fehintola Obarusin (Non-Executive)	√	√	√	*
Sir. Muftau O. Oyegunle (Non-Executive)	√	√	√	√
Mrs. Tokunbo Ibrahim-Okunbido (Non-Executive, Independent)	√	√	√	√

Key:
√ Present (NYA) Not yet appointed (*) - Apologies

h. COMMITTEES OF THE BOARD

The Board committees have been engineered to ensure proper coordination and effectiveness and these committees are saddled with responsibilities which are aimed at enhancing the operations of the company. The company has constituted two (2) Board Committees, Nomination, Remuneration & Governance Board Committee and Audit & Credit Risk Management Board Committees. However, in view of the size and operations of the company and the Board, the Board has always exercised its oversight responsibilities without the need to delegate to the Board Committees.

i. CUMMULATIVE YEARS OF SERVICE

a. TENURE OF DIRECTORS

The tenure for Managing Director and Executive Directors are determined by the Board taking into account performance, the existing succession planning mechanism, continuity of the Board and the need for continuous refreshing of the Board.

The tenure of each of the company's Non Executive Director is for a defined period and can be re-elected for additional terms subject to satisfactory performance and approval by the shareholders. However, the principles of Nigerian Code of Corporate Governance 2018 caps the tenure of an Independent Non-Executive Director at a cumulative term of nine years.

The cumulative years of service of the company's directors as at 31st December, 2023 is stated below:

Directors			Date of Admission	Years of Service
Mr. Oye Hassan-Odukale (Chairman, Non-Executive)			18th September, 2003	20 years, 3 months
Mr. Ayo Wuraola (Managing)			26th November, 2013	10 years, 1 month
Mr. Tunde Hassan Odukale (Non Executive)			18th September, 2003	20 years, 3 months
Mrs. Fehintola Obatusin (Non-Executive)			18th September, 2003	20 years, 3 months
Sir. Muftau O. Oyegunle (Non-Executive)			18th September, 2003	20 years, 3 months
Mrs. Tokunbo Ibrahim-Olurbido (Non-Executive, Independent)			1st July 2022	1 year [illegible] months

B. EXTERNAL AUDITOR

KPMG Professional Services was appointed as the company's External Auditor in 2022 following the expiration of the 10 year tenure of PKF Professional Services as required by the Nigerian Code of Corporate Governance 2018.

The Company considered possible replacements through a tender process and after careful review of the value proposition of the bidders and the commitment to avoid potential conflict of interests in relation to non-audit services and ensure the independence of the auditor, KPMG was selected and approved by the company's shareholders.

The Audit Partner leading the 2023 financial audit is Adeyemi Ashade following the rotation of the former audit partner, Kabir Okunlola. Adeyemi Ashade's role will be rotated after the completion of the 2026 year-end audit in line with the Nigerian Code of Corporate Governance 2018.

J. STATEMENT ON AVAILABILITY OF CODE OF BUSINESS CONDUCT AND ETHICS

The company has a Board approved Code of Business Conduct and Ethics which sets out broad principles and practices that guide each and every member of the Board, Management and employees in their conduct and decision making for the company.

The directors, Management and employees are abreast with the Code of Business Conduct and Ethics and have declared their understanding of their fiduciary duty to shareholders and other stakeholders of the Company.

K. HIGHLIGHTS OF HUMAN RESOURCES MANAGEMENT

HR POLICY HIGHLIGHTS

The Company continues to review its governance frameworks, risks as well as proactively design human resource practices that will enable it thrive as dynamics of the workplace evolves. The Human Resources policies are reviewed periodically as part of the company's commitment to ensuring continued applicability and growing changes in the Human Resource space and workspace dynamism.

The company has maintained hybrid model of work and embraced the concept of Micro-workers, Mobile workers, Gig workers etc. The various technologies utilized for hybrid work models continue to set us apart while enhancing collaboration and delivery of excellent service to customers.

The Company has adopted the underlined Human Resources policies of the group company. These policies are reviewed periodically as part of the company's commitment to ensure continued applicability and growing changes in the Human Resource space and workspace dynamism.

In furtherance of our strategy, we will continue to embrace multiple change management approaches that guarantee a Customer experience culture that provides value to our stakeholders.

•**Performance Management Policy** is to establish and maintain a performance culture, creates an enabling environment for employees to develop their abilities and achieve optimal possible potential to ensure the existence of workplace where the staff performance review process is fair, consistently applied and shall not be perceived nor used as a punitive system. The process is designed to measure the achievement of individual and company strategic goals.

• **Recruitment & Selection Policy** seeks to attract, select, recruit and retain people with the right skill set, expertise, experience and qualifications to meet business aspirations, whilst offering a rewarding and fulfilling career with opportunities for growth and personal development. The recruitment process is driven by the Workforce plan, utilizing the Build, Borrow and Buy strategy.

• **Compensation & Benefit Policy** adopts a compensation philosophy that ensures employees are equitably remunerated within competitive market salary scales to drive and reward excellent performance utilizing global recognized frameworks. The aim is to maintain a pay structure that attracts, motivates and retains the highest caliber of talents at all levels. These include recognition awards, short and long term incentive pay as well as non monetary rewards, benefits and perquisites.

WORKPLACE INITIATIVES

• **Capability Building** – One of such is Leader-led sessions, a business continuity initiative that ensures knowledge transfer across the company. It provides the opportunity to directly address knowledge gaps from day to day operation and increase breadth of knowledge in teams. We also have instituted job rotation and expansions, mentorship and coaching frameworks, Talent Exchange programme and pipeline building, Quarterly Performance Reviews where we proactively assess market dynamics and align our strategies accordingly. We strategically partnered with Functional Experts to drive expertise in functional areas, thereby skilling employees and ensuring they are at par with colleagues globally.

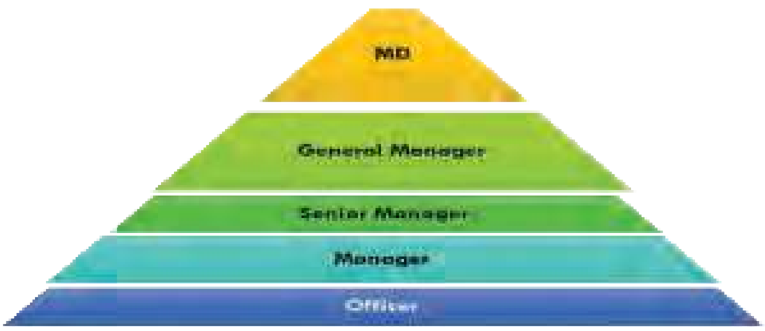
• **Employee Engagement and Support** – The Company recognizes that employee engagement is a key driver of productivity which directly impacts profitability. It has multifaceted initiatives to feel the pulse of the workforce and create tools and drivers for such engagements that drive workplace productivity. These include Annual Engagement Surveys, Town Halls and Village Meetings, Open days, Dial in sessions, CSR events, focus group sessions, power clusters etc. In addition, we practice customized onboarding systems, Team Bonding, Happy Hour, motivational talks, career conversations. We have structured support systems such as fund channels, Health plans and annual medical checks, Gym, Crèche, Corporate Fitness, interdepartmental-games, Employee Wellbeing Sessions as well as Employee Assistance Programs in place to drive and create an exceptional employee experience.

• **Diversity and Inclusion** – As an equal opportunity organization, the company is committed to an inclusive culture that respects and embraces the diversity of employees, clients and community. This aims to attract, develop and retain the best people from all culture, ethnicity, gender, abilities, background and experiences.

• **Culture Audit** – This is a detailed assessment of the organization's culture to help us determine overall working environment, employee sentiments, and unspoken rules around employee interactions and team communication. This will assist the company to determine the critical areas to focus on towards positively increasing employee experience, drive focus on our customer centric culture and achieve our aspirations over the next few years.

INTERNAL MANAGEMENT STRUCTURE

The internal Management Structure of the company is as reflected below



l. HIGHLIGHTS OF CASES OF CLAW BACK

In line with the company's Claw Back policy, the Board has reviewed the company's account and financial performance to ascertain if there has been undeserved award arising from the company's account and financial performance that has been materially false, misstated, misleading, erroneous, or there has been instances of misdemeanour, fraud, material violation of Company policy or material regulatory infractions.

The Board has satisfied itself that there is no incidence necessitating the company to recover excess or undeserved reward, such as bonuses, incentives, share of profits, or any performance-based reward, from Directors and senior employees.

m. FINES AND PENALTIES

This has been disclosed in Notes 29.

n. NATURE OF ANY RELATED PARTY TRANSACTIONS

This has been disclosed in notes 32.

o. DIRECTORS' RENUMERATION POLICY

The Directors' Remuneration policy of Leadway Capital and Trusts Limited was initially approved in 2020 for a period of three (3) years. A revised version was approved by the Board in January, 2023 and shall apply for another three (3) years except there is an earlier review to ensure its continued appropriateness and applicability. The remuneration of Non-Executive Directors is not market leading but reflective of the size of the company to profitability, prudence and conservatism of the company while ensuring that directors are fairly remunerated for their valuable contribution at a rate commensurate with the dedication and responsibility of directors.

The remuneration of the Managing Director is fairly competitive and incentivizes the executives to achieve the business plan, in alignment with the company's long term strategy and to promote the retention of executive directors.

The remuneration of directors takes into primary consideration the performance of the company and prevailing economic situation.

KEY ASPECTS OF THE REMUNERATON POLICY OF DIRECTORS

EXECUTIVE DIRECTORS

Remuneration Elements			Payment mode
Basic Salary Salaries earned during the payroll period.			Monthly
Benefits and Allowance (in cash or kind) An amount paid as Benefits/packages by the company to meet the basic needs.			Quarterly, Annually
Variable Pay: A performance based sum awarded to Executive Directors for attaining or exceeding their assigned KPIs			Annually and dependent on attainment of defined: Gross Revenue, Profit Before Tax (PBT), Taxes, Return on Invested Capital (ROIC) and performance of Leadway Capital and Trusts.

NON-EXECUTIVE DIRECTORS

Category- Fixed/Variable	Component			Component description
Fixed	Fees			A fixed annual sum provided to Non- Executive Directors for their ongoing contribution to the Board and as an incentive to attract and retain talent. This is payable on a quarterly basis.
Fixed	Meeting/ Sitting allowance			A payment made to Non-Executive Directors on a per-meeting basis. This is conditioned on attendance (physical or virtual) which is a prerequisite for remittance.

Highlights of the remuneration paid to directors is contained in the 'Notes' in this report.

p. SUMMARY OF RISK MANAGEMENT FRAMEWORK

The Summary of the Risk Management Framework is contained in the Risk Management disclosures on page 41

q. STATEMENT ON THE COMPANY'S ESG ACTIVITIES

Leadway Capital and Trusts Limited is devoted to being one of the businesses in Africa strengthening societies' risk-resilience, protecting people, and preserving the environment that sustains us.

Our ESG pillars would focus on customer centricity, building an ethical and trusted organization and improving our employees' experience. We would leverage on the group direction to develop and implement an ESG strategy that involves building customer centricity through more sustainable operations, assisting communities in becoming more resilient to natural catastrophes through preventive measures, and delivering long-term value for shareholders.

We have the desire to run an impactful business which inspires our commitment to CSR, we support programs and initiatives that significantly improve lives. We sincerely believe that acting morally includes generating benefits for the business as well as the society.

Our ultimate goal is to conduct business in a morally upright manner by balancing the needs of the economy, the environment, and society. We are dedicated to collaborating with everyone who supports our ambition because we believe that by working together, we can have the most impact.

r. STATEMENT ON THE BOARD'S LEVEL OF APPLICATION OF THE CORPORATE GOVERNANCE CODE

The Board of Leadway Capital and Trusts Limited is sufficiently compliant with the Nigerian Code of Corporate Governance 2018 and will continue to improve on its governance processes to ensure it attains established maturity level of governance and adequate compliance with the Code.

BY ORDER OF THE BOARD

Olumide Hanson
FRC/2018/NBA/00000019064
Company Secretary
121/123 Funsho Williams Avenue, Iponri, Surulere, Lagos
Dated: 29 February, 2024

The Chairman
Leadway Capital &Trusts Limited
121/123 Funsho Williams Avenue
Iponri – Surulere
Lagos.

22 March 2024

Attention: Mr. Oye Hassan-Odukale

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD AND CORPORATE GOVERNANCE EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2023

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the performance of the Board of Directors of Leadway Capital &Trusts Limited Company") as required by Principles 15.1 and 14.1 of the Nigerian Code of Corporate Governance ("NCCG") 2018 for the period ended 31st December 2023.

Our responsibility was to reach a conclusion on the Board's performance within the scope of our Letter of Engagement dated 12 January 2024. In carrying out the evaluation, we relied on representations made by members of the Board, the Company Secretary and on the documents provided for our review.

The Board has complied significantly with the principles set forth in the NCCG. Areas of compliance include: Board oversight over financial and non-financial reporting and strategy development to steer the strategic direction of the Company.

We also facilitated a Self and Peer Assessment of each Director's performance in the year under review. This assessment covered each Director's time commitment to the business of the Company, commitment to continuous learning and development as well as a self and peer assessment. Each Individual Director's Assessment Report was prepared and made available to them respectively, while a consolidated report of the performance of all Directors was submitted to the Board Chairman.

Details of other findings and recommendations are contained in the full report.

Yours faithfully,
for: PricewaterhouseCoopers Chartered Accountants

Wura Olowofoyeku

Partner
FRC/2017/PRO/ICAN/004/00000016809

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng *TIN: 01556757-0001* *BN: 958268*

KPMG Professional Services
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Victoria Island
PMB 40014, Falomo
Lagos

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

INDEPENDENT AUDITOR'S REPORT

To the **Shareholders of Leadway Capital and Trusts Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Leadway Capital and Trusts Limited** (the Company), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the chairman's statement, corporate information, directors' report, statement of directors' responsibilities in relation to the financial statement, statement of corporate responsibilities, corporate governance report, statement of value added services, five year financial summary, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

KPMG

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

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

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

Penalties

The Company paid penalties in respect of contravention of the requirements of the Securities and Exchange Commission during the year ended 31 December 2023. Details of penalties paid are disclosed in note 29 to the financial statements.

0293710

Akinyemi Ashade, FCA
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
22 March 2024
Lagos, Nigeria

STATEMENT OF FINANCIAL POSITION

As at 31st December, 2023

(All amounts are in thousands of Nigerian Naira)

	Notes	31 December'2023	31 December'2022
Assets			
Cash and cash equivalents	5	**1,555,040**	343,347
Investment securities			
- At fair value through other comprehensive income	6c	**6,950,540**	3,294,704
- At fair value through profit or loss	6a	**83,876**	83,876
Loans and advances to customers	7	**2,968,932**	2,915,762
Finance lease receivables	8	-	
Trade and other receivables	9	**55,018**	14,363
Convertible Shareholders Loan Note	10	**97,833**	99,352
Deferred tax assets	18	-	3,916
Client trust assets	11	**1,649,632**	158,248
Intangible assets	12	-	-
Property and equipment	13	**28,126**	21,750
Total Assets		**13,388,997**	6,935,318
Liabilities			
Fund in Trust	16	**546,681**	365,724
Client trust liabilities	11	**1,649,632**	158,248
Current tax liabilities	15	**243,720**	213,090
Deferred tax liabilities	18	**11,035**	-
Trade and other payables	14	**1,590,410**	506,092
Borrowings	17	-	252,213
Total liabilities		**4,041,477**	1,495,369
Equity			
Share capital	19	**1,000,000**	1,000,000
Retained earnings	20	**1,828,234**	1,501,561
Other Reserves	21	**6,519,285**	2,938,388
Total equity		**9,347,519**	5,439,949
Total liabilities and equity		**13,388,997**	6,935,318

The financial statements were approved and authorised for issue by the Board of Directors on **29, February 2024** and signed on its behalf by:

Oye Hassan-Odukale	Ayo Wuraola	**Seyi Ogundeyi**
Chairman	Chief Executive Officer	**Financial Controller**
FRC/2013/IODN/00000001963	FRC/2013/CISN/00000004036	**FRC/2014/ICAN/0000000692**

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

For the year ended

(All amounts are in thousands of Nigerian Naira)

	Notes	31 December'2023	31 December'2022
Interest Income	22	828,736	743,197
Other operating income	23	284,776	212,247
Interest Expense	26	(154,357)	(158,316)
Net Interest Income		**959,155**	**797,128**
Fee and commission income	22(i)	69,606	66,598
Fee and commission expense	26(i)	(3,716)	(252)
Net Fees and commission Income		**65,890**	**66,346**
Fair value (loss) on quoted equities	24	-	(26,039)
Foreign currency exchange gain	24	37,362	16,134
Impairment write back on loans and advances	25	4,742	139,820
Personnel expenses	27	(150,672)	(106,568)
Depreciation and amortisation	28	(14,538)	(11,657)
Other operating expenses	29	(167,685)	(93,451)
Profit before tax		**734,254**	**783,713**
Income tax expenses	15	(157,581)	(195,633)
Profit for the period		**576,673**	**588,080**
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investment at FVOCI-net change in fair value	6	**3,580,896**	**(481,736)**
		3,580,896	**(481,736)**
Other Comprehensive Income,net of tax		**3,580,896**	**(481,736)**
Total comprehensive income		4,157,570	106,344
Basic and diluted earnings per share expressed in Naira		**4.16**	0.11

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

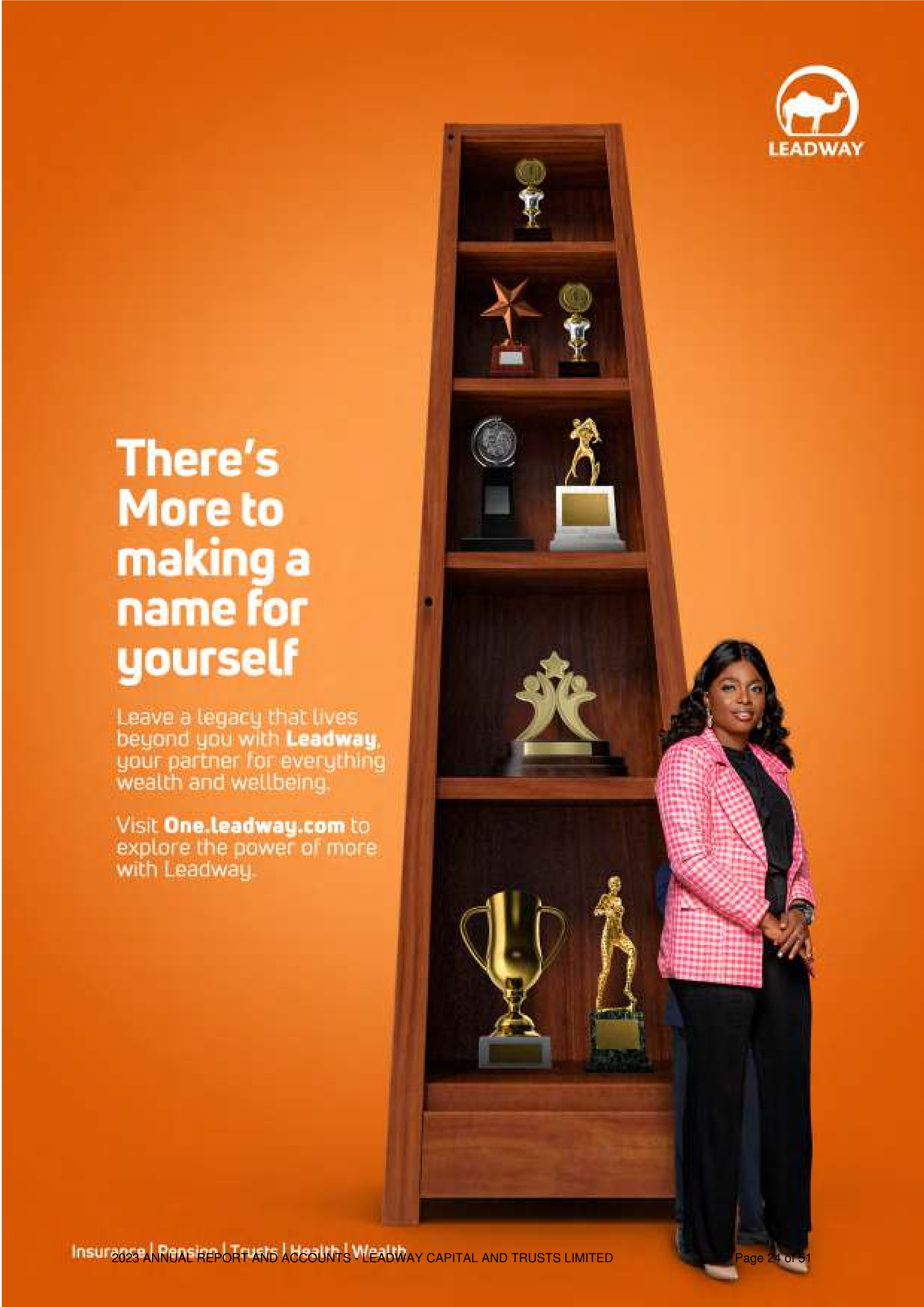
For the year ended 31 December 2023

(All amounts are in thousands of Nigerian Naira)

	Attributable to equity holders			
	Share capital	Retained earnings	Other Reserve	Total equity
Balance at 1 January 2022	660,000	1,451,481	3,420,124	5,531,605
Total Comprehensive Income for the period	-	-	-	-
Profit for the period	-	588,080	-	588,080
Other comprehensive income	-	-	(481,736)	(481,736)
Total Comprehensive Income for the period	-	588,080	(481,736)	106,344
Transactions with the equity holders of the Company				
Contribution and Distributions				
Bonus issue	340,000	(340,000)	-	-
Dividend paid during the year	-	(198,000)	-	(198,000)
Total transactions with the equity holders of the Company	340,000	(538,000)	-	(198,000)
As previously reported	1,000,000	1,501,561	2,938,388	5,439,949
At 1 January 2023	1,000,000	1,501,561	2,938,388	5,439,949
Total Comprehensive Income for the period				
Profit for the year	-	576,673	-	576,673
Other comprehensive income	-	-	3,580,898	3,580,896
Total Comprehensive Income for the period	-	576,673	3,580,898	4,157,570
Transactions with the equity holders of the Company				
Contribution and Distributions				
Bonus issue			-	-
Dividend paid during the year	-	(250,000)	-	(250,000)
Total transactions with the equity holders of the Company	-	(250,000)	-	(250,000)
At 31 December 2023	1,000,000	1,828,234	6,519,285	9,347,519

For the year ended 31 December
(All amounts are in thousands of Nigerian Naira)

	Notes	2023	2022
Cashflow from operating activities			
Profit for the period after tax		**576,673**	**586,080**
Adjustments for:			
Depreciation of property and equipment	13	14,638	11,058
Impairment write backs on loans	25	(7,130)	(139,848)
Impairment charge on trade receivables	25	66	
Impairment on leases	25	-	28
Fair value changes on investment securities	6a c		26,039
Income tax expense	15	157,381	195,634
Finance cost	26	158,073	158,567
Interest income	22	(801,696)	(731,925)
		98,105	**108,233**
Changes in loans and advances to customers	7a	(46,040)	(90,829)
Changes in trade and other receivables	9c	(40,722)	(7,836)
Changes in Convertible Shareholders Loan Note	10b	1,519	(99,352)
Changes in trade and other payables		1,084,318	(25,053)
Income tax paid	15a	(112,002)	(143,327)
Net cash generated/(used) from operating activities		**985,178**	**(258,264)**
Cash flows from investing activities			
Acquisition of property and equipment	13	(20,913)	(4,269)
Additions to investment securities at FVOCI	6c	(74,940)	-
Interest received	22	801,696	731,925
Net cash from investing activities		**705,644**	**727,656**
Cash flows from financing activities			
Dividends paid	20	(250,000)	(198,000)
Borrowings repaid	16c	(252,213)	(24,680)
Changes in fund in trust- Additions	16b	209,272	59,984
Changes in fund in trust-Withdrawals	16b	(28,315)	(295,140)
Finance cost	26	(158,073)	(158,567)
Net cash used in financing activities		**(479,328)**	**(616,403)**
Net decrease in cash and cash equivalents		1,211,694	(147,011)
Cash and cash equivalents at beginning of the year	5	343,347	490,358
Cash and cash equivalents at end of the year	5	**1,555,040**	343,347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(All amounts are in thousands of Nigerian Naira)

1 Reporting Entity

Leadway Capital and Trusts Limited ("Leadway Capital" or the Company) is a company incorporated and domiciled in Nigeria. The address of its registered office is 121/123 Funso Williams Avenue, Iponri, Surulere, Lagos. The Company was incorporated under Companies and Allied Matters Acts 2020 as a private limited liability company on 22 March, 1995. The Company is principally engaged in the business of providing trust management, investment management and related financial services to its customers. Such services include the provision of loans and advances to corporate and individual customers.

2 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS standards). Additional information required by Companies and Allied Matters Act (CAMA) 2020 and the FRC (amendment) act 2023 has been included where appropriate.

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

3 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation

These financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for the following:

- Financial assets measured at fair value through profit or loss.
- Financial instruments measured at fair value through other comprehensive income.

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Nigerian Naira (N) which is the Company's functional currency and presentation currency.

All amount have been presented in thousands of Naira (except otherwise stated)

3.3 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements are presented fairly. This is applicable to notes no 6,7,8 and 9

3.4 Changes in accounting policy, amendments and disclosures

The principal accounting policies applied in the preparation of these financial statements are set out below (Notes 3.6 - 36). These policies have been consistently applied to all the years presented except for the new standards below (Sub-notes (i), (ii) and (iii))

The Company has adopted the following new standards with initial date of application of 1 January, 2023

(ii) IFRS 9: Financial instruments

The company adopted IFRS 9 Financial instruments in the valuation of all its financial assets and liabilities.

ai **Initial measurement of financial instruments**

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs. This requirement is consistent with IAS 39

aii **Financial assets: subsequent measurement**

Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified. Subsequent to initial recognition, all assets within the scope of IFRS 9 are measured at: • amortised cost; • fair value through other comprehensive income (FVTOCI); or • fair value through profit or loss (FVTPL). The FVTOCI classification is mandatory for certain debt instrument assets unless the option to FVTPL ('the fair value option') is taken.

Whilst for equity investments, the FVTOCI classification is an election. The requirements for reclassifying gains or losses recognised in other comprehensive income (OCI) are different for debt and equity investments. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognised directly in profit or loss. The difference

(All amounts are in thousands of Nigerian Naira)

between cumulative fair value gains or losses and the cumulative amounts recognised in profit or loss is recognised in OCI until derecognition, when the amounts in OCI are reclassified to profit or loss

aiii Classification and measurement of financial assets

Financial assets which include both debt and equity securities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost. Subsequent classification and measurement for debt securities is based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not
designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI)

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI

All other debt and equity instruments are measured at FVTPL.

The Company has irrevocably elected to measure unquoted equity instruments at FVOCI.

b. Business model assessment

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

• How the economic activities of our businesses generate benefits and how such economic activities are evaluated and reported to key management personnel;

• The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and

• Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model

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

• Held-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

• Hold to Collect and Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model

• Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

c. SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

i Derecognition of Financial Instruments

Derecognition of financial assets

Derecognition is the removal of a previously recognised financial asset from an entity's statement of financial position. In general, IFRS 9 criteria for derecognition of a financial asset aim to answer the question whether an asset has been effectively 'sold' and should be derecognised or whether an entity obtained a kind of financing against the asset and simply an additional financial liability should be recognised

Derecognition of financial liabilities

Derecognition is the removal of a previously recognised financial liability from an entity's statement of financial position. An exchange between an existing borrower and lender of debt instruments with substantially different terms should be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability

d. Investment securities

(All amounts are in thousands of Nigerian Naira)

( ) All investment securities are initially recorded at fair value and subsequently measured according to the respective classification. Prior to our adoption of IFRS 9, investment securities were comprised of available for sale securities and held for trading securities.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.

The Company accounts for all securities using trade date accounting and changes in fair value between the trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in the fair value of securities measured at FVOCI between the trade and settlement dates are recorded in OCI.

Equity securities classified as held for trading under IAS 39 are measured at fair value through profit or loss under IFRS 9.

( ) **Investment in unquoted equities**

IFRS 9 contains an option to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. [IFRS 9, paragraph 4.1.5]

Equity instruments

All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'. There is no 'cost exception' for unquoted equities.

'Other comprehensive income' option

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at FVTOCI with only dividend income recognised in profit or loss. [IFRS 9, paragraph 5.7.5]. The company has made an irrevocable election at fair value through other comprehensive income for all our unquoted equities.

e. **Loans and advances**

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortized cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses. Interest on loans is recognized in Interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as interest income over the expected term of such loans using the effective interest method.

f. **Allowance for credit losses**

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans and receivables. These are carried at amortised cost and presented net of ACL on the Statement of Financial Position. ACL on loans is presented in Allowance for credit losses - loans and receivables.

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

1) **Performing financial assets:**

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

• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. The Stage 3 expected credit loss impairment model is based on changes in credit quality since initial recognition. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. Write-offs and recoveries of amounts previously written off are recorded against ACL. The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the

(All amounts are in thousands of Nigerian Naira)

provisions from period to period that significantly affect our results of operations.

g. **Measurement of expected credit losses**

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information. Expected credit losses are discounted to the reporting period date using the effective interest rate.

h. **Assessment of significant increase in credit risk**

The assessment of significant increase in credit risk requires significant judgment. The Company's process to assess changes in credit risk is based on the use 'backstop' indicators. Instruments which are more than 30 days past due may be credit impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.
The following are considered as exceptions:
1. Outstanding obligation is a result of an amount being disputed between the Company and obligor where the dispute is not more than 90 days.
2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.
The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days.

Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from Stage 3 to Stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfill their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

i. **Use of forward-looking information**

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.
The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in our expected credit loss models include GDP growth rate, interbank FX rates, inflation rate, crude oil prices and population growth rate.

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to our best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are

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updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities. Our assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

j. **Definition of default**

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place:

- The Company considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the Company to actions such as realising security (if held).
- The obligor is past due more than 90 days on any material credit obligation to the Company (principal or interest).
- Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified).

The elements to be taken as indications of unlikeliness to pay include:

- The Company sells the credit obligation at a material credit-related economic loss.
- The Company consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The Company has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the Company.

The following are considered as exceptions:

a. Outstanding obligation is a result of an amount being disputed between the Company and obligor where the dispute is not more than 150 days.

b. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on case by case basis.

k. **Credit-Impaired financial assets (Stage 3)**

Financial assets are assessed for credit-impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults.

A loan is considered for transfer from Stage 2 to Stage 1 where there is a significant improvement in credit risk and from Stage 3 to Stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following:

i) Declassification of the exposure by the credit risk management system;

ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);

iii) Evidence of full repayment of principal or interest.

Generally, the above are to represent an improvement in credit risk to warrant consideration for a backward transition of loans. Where there is evidence of significant reduction in credit risk, the following probationary periods should apply before a loan may be moved to a lower stage (indicating lower risk):

Transfer from Stage 2 to 1: 90 days

Transfer from Stage 3 to 2: 90 days

Transfer from Stage 3 to 1: 180 days

When a financial asset has been identified as credit impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate.

When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related ACL. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

l. **Write off of loans**

Loans and the related ACL are written off, either partially or in full after board's approval, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.

m. **Classification and measurement of financial liabilities**

The Company recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts. Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at FVTPL.

(All amounts are in thousands of Nigerian Naira)

The Company classifies its financial liabilities as measured at amortised cost. Borrowings and Funds in Trust are included as part of financial liabilities measured at amortised cost.

n **Standards and Interpretation not effective as at year end 31st December 2023.**

Standards/Interpretation	Effective date period:	Summary of requirement and impact assessment
Amendments to IAS 1 - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current Liabilities	1st January 2024	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In addition a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.
Amendment to IFRS 16 - Lease liability in a sale and leaseback	1st January 2024	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller lessee to include variable lease payments when it measures a lease liability arising from a sale- and-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date.
Amendment to IFRS 21 - Lack of exchangeability	1st January 2025	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique

(All amounts are in thousands of Nigerian Naira)

		Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not exchangeable (Include entity specific impact of the amendments) The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.

vii **Ammendments to IAS 8 (Definition of Accounting Estimates).Earlier Application 1 January,2023.**

The purpose of this amendment was to clarify the distinction between a change in an accounting policy and a change in an accounting estimate, in relation to the application of IAS 8. This distinction is important because changes in accounting estimates often affect an entity's profit or loss, but changes in accounting policies generally do not.

The amendment also seeks to clarify how accounting policies and accounting estimates relate to each other and how companies decide whether a change in valuation technique or a change in estimation technique is a change in an accounting estimate. The impact of the adoption of this amendment on the Group is being assessed.

(All amounts are in thousands of Nigerian Naira)

c) SIC-15 Operating Leases – Incentives; and
d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

3.5 Revenue recognition

3.5.1 Interest income

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

The calculation of the effective interest rate includes all transaction costs and fees 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.

3.5.2 Investment income

Investment income comprise interest income earned on short term deposits, rental income, dividends, rent receivable, realized gains and losses, and unrealized gains and losses on fair value assets. It is accounted for on accrual basis.

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of investment income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.5.3 Fees and commission income

Fees and commission income that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees and commission income including wills fees and trust fees are recognised as the related services are performed.

3.6 Net trading gain/(loss)

Net trading gains/(loss) comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on financial instruments measured at fair value through profit or loss are also included in net trading income.

3.7 Income tax

Income tax expense comprises current and deferred tax. Income tax expense(Company Income Tax- 30% of annual profit,Tertiary Education Tax -3% of annual profit,National Information Technology Development Agency Levy- 1% of annual profit,Police Trust Fund Levy)-0.005% of annual profit is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or OCI.The company has determined that interest and penalties related to income taxes,including uncertain tax treatments,do not meet the definition of income taxes and therefore has not accounted for them under IAS 37 Provisions Contigent Liabilities and Contigent Assets.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3.8 [illegible]

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Cash and cash equivalents include notes and coins on hand, current balances with banks and placements with banks (with an original maturity of three months or less) which are used by the Company in the management of its short term commitments. The same definition applies to cash and cash equivalents in the statement of cash flows.
Cash and cash equivalents are carried at amortised cost in the statement of financial position plus the impact of ECL.

3.10 Trade and other receivables

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

3.11 Property and equipment

3.11.1 Recognition and measurement
Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3.11.2 Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property and equipment are recognised in profit or loss as incurred.

3.11.3 Depreciation

Depreciation is charged on items of property and equipment immediately they are ready for use. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values for the current and comparative period over their estimated useful lives, as follows

Equipment		33 ⅓%
Furniture and fittings		20%
Computer hardware	-	25%
Motor vehicles	-	20%
Work in progress	-	Not depreciated
Leasehold Improvement	-	20%

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.
Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

3.11.4 De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.12 Intangible assets

3.12.1 Intangible assets acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life, not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life

(All amounts are in thousands of Nigerian Naira)

are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.12.2 De-recognition of Intangible Assets

An intangible asset is derecognised on disposal or when no future benefits are expected from its use or disposal. The gain or loss on derecognition is the difference between any net disposal proceeds and carrying amount of the asset. It is recognised in profit or loss when derecognition occurs. Gains shall not be classified as revenue.

3.13 Funds held in trust

Funds held in trust represent cash deposits and other assets made by various customers and living trust clients with the Company. The deposits are accounted for at cost and accrued interest. Investments purchased with the funds and the related receipts and payments are accounted for in line with IFRS 9 Financial Instruments (Assets and Liabilities).

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest rate method. Any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.15 Share capital and retained earnings

3.15.1 Share capital

The company classifies ordinary shares as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

(All amounts are in thousands of Nigerian Naira)

3.15.2 Dividend on ordinary shares

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders. Dividends for the year that are declared after the reporting date are dealt with in the subsequent events notes. Dividends proposed by the Directors but are not approved by the members are disclosed in the financial statements in accordance to the requirement of Company and Allied Matters Act,2020.

3.16 Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. Risk Management Framework

Governance and Culture

Leadway Capital and Trusts Limited governance and culture is an integral part of Corporate Governance which is essential for effective risk management. A sound governance structure will help to provide oversight of risk management and ensure an effective route for risk escalation. It spells out the accountabilities and expectations for all relevant stakeholders including roles and responsibilities for the board, management and employees. We operate and maintain the three lines of defense model for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

1st Line – Risk Ownership & Management

The Board, management and line managers: It involves a broad setting of strategy, performance measurement, establishment and maintenance of internal control and risk management in the business. The management and staff in this group own the responsibility to identify, assess, control, report and monitor the risks in their respective units/departments, thereby ensuring an informed risk and reward balance.

2nd Line - Risk Oversight Function

The risk management function provides oversight and independent reporting to executive management, implements risk management policies in the business units, approves risk specific mandates and provides an independent overview of the effectiveness of risk management by the first line of defence. Other internal stakeholders in the role include the Compliance and Legal services and Internal Control.

3rd Line – Assurance Function

The Internal Audit and External Audit constitute the third line of defense responsible for assessing the company's risk management, risk governance and internal control practices and providing independent assurance to the management and Board of their adequacy, effectiveness and appropriateness. It seeks to identify any weakness in the first and second lines of defense and also monitors the compliance of business units and ancillary sections with the company's risk management policies and procedures.

The Risk Management Process

Risk Identification

The Risk Identification exercise is based on the "Risk and Control Self-Assessment" (RCSA) methodology whereby each business unit, working closely with Risk Management, identifies the various risks inherent in its operations, evaluates the effectiveness of the identified controls and designs risk mitigation plans. The Risk and Control Self Assessment shall be conducted annually.

Risk Assessment and Evaluation

Risk assessments would be carried out based on a review of events and trends, to quantify the impact and likelihood. Both qualitative and quantitative methods examining both positive and negative
impacts will form the basis of our risk classification and rating. Each will be measured on a scale of 1 to 5, with 1 being the lowest and 5 being high. The product of the impact and the probability of an event presents us with the level of risk we have to manage at the various operational units. Such level of risk can then be classified into High, Moderate or Low to determine their escalation to the operational, tactical and strategic levels respectively. All risks will be reported in the risk register and controls will be assessed for effectiveness.

Risk Control/Treatment

This deals with how to manage the identified risks and establishes control and mitigation activities for each respective risk exposure to bring the risks' likelihood and impact within the approved risk tolerance. Typical risk responses will include avoidance, reduction, transferring, sharing and acceptance. Control activities also include the policies, procedures, reporting and other reviews we will perform to ensure that desired risk response is executed at all levels and functions of the company.
Information & Communication regarding risk management is identified, captured and communicated broadly to enable all stakeholders to deliver on their responsibilities. Please see appendix 1 for the existing control library.

Risk Limits and Monitoring

Risk limits are needed in all areas of the company's activities that involve risk-taking. These limits help to ensure that the exposures taken by

Leadway capital and trust remain within a predetermined and these exposures are monitored by the ERM team and breaches are reported to the respective committees. The Key Risk Indicators (KRIs) methodology is one of the ways to monitor risk exposures, they provide management with early warning indicators of changing conditions that increase the likelihood of risk occurrence thus enabling management to put in place measures to reduce the likelihood and/or mitigate the impact of risk.

Risk Categorization

The company is exposed to a myriad of risks in the conduct of its business some of which are: Fiduciary risk, Operational risk, Liquidity risk, Counterparty Credit risk, Market risk, Legal & regulatory risks, Strategic risks and Reputational risks. These risk types are steered by a risk appetite statement and are being monitored using certain metrics.

Fiduciary risk

The risk that funds entrusted to Leadway Capital and Trusts Limited through trusts or agency accounts are not properly managed or the trustee/agent is not optimally performing in the beneficiary's best interests. This does not necessarily mean that the trustee is using the beneficiary's resources for his/her own benefit; this could be the risk that the trustee is not achieving the best value for the beneficiary.

Operational risk

Operational risk arises from problems in the performance of business functions or processes. Exposure to this risk can result from deficiencies or breakdowns in internal controls or processes, technology failures, human errors or dishonesty, natural catastrophes and civil disturbances.

Liquidity risk

Liquidity risk arises from company's inability to purchase or otherwise obtain the necessary funds, either by increasing liabilities or converting assets, to meet its operational obligations as they come due, without incurring unacceptable losses.

Counterparty credit risk

Credit risk arises from a counterparty's inability or unwillingness to fully meet its on- and/or off-balance sheet contractual obligations. Exposure to this risk results from financial transactions with a counterparty including issuer, debtor, investee, borrower, or guarantor.

Market risk

Market risk arises from changes in market rates or prices. Exposure to this risk can result from market making, dealing, and position taking activities in markets such as interest rate, foreign exchange, equity, commodity and real estate.

Legal and regulatory risk

Legal and regulatory risk arises from the company or related party's non- compliance, or potential non-compliance, with legislation due to changes in regulations which are not being monitored or due to a lack of skilled personnel with the ability to identify regulatory risk issues. It will include non compliance with statutory/regulatory report submission which could lead to financial penalties.

Strategic risk

Strategic risk is the current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.

Reputational risk

The risk that an activity of the company or its representatives impairs Leadway Capital and Trusts Limited's image in the community or public confidence, and that this results in the loss of business and/or legal action or additional regulatory oversight or sanctions. Reputational risk can arise from a number of events and primarily occurs in connection with regulatory, legal, and operational risks.

Reporting

Enterprise risk management reporting system will provide the executive reporting of enterprise-wide risks, along with drill down capabilities so that all key risks can be monitored simultaneously. The ERM reporting system will include the following attributes:

1. To provide a single point of access to all critical risk information that arises from various risk streams and business units across the company.
2. Timely delivery of accurate risk information to the top management.
3. Integration of quantitative KRIs, qualitative risk assessments, policy documents, and external market data.

Enterprise Risk Management Policy

The Company's enterprise risk management policy is the umbrella policy that guides the assessment and determination of all material risks impacting its capital, liquidity and other risks. Compliance with the policy is monitored and exposures and breaches are reported to the company's Board. The policy is regularly reviewed in line with organizational changes (inclusion of new products or changes to existing ones) as well as changes in the risk environment.

(All amounts are in thousands of Nigerian Naira)

		December 2023	December 2022
5	**Cash and cash equivalents**		
	Cash in hand	7	16
	Cash at bank	1,454,048	943,331
	Short-term placements	101,146	-
	Total	1,555,201	943,347
	Impairment on bank balance	(161)	-
		1,555,040	943,347

Short-term bank placements are made for varying periods of between one day and three months depending on the immediate cash requirements of the company. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

		December 2023	December 2022
6	**Investment Securities**		
(a)	Quoted equity fair value through profit or loss		
	Ordinary shares		
	Balance, 1 January	33,076	73,604
	Fair value (loss)/gain on financial assets	-	[illegible]
	Fair value loss through OCI (Note 6b)	-	[illegible]
		33,076	33,076

		December 2023	December 2022
(b)	**Investment securities**		
	- At fair value through other comprehensive income		
	Unquoted equity securities		
	Ordinary shares		
	At 1 January	3,294,704	3,767,670
	Additions during the year (Note 6bi)	74,940	-
	Less: disposal/ Derecognition of asset	-	
	Previously reported	3,369,644	3,767,670
	Restated: Fair value gains/(loss) through OCI	2,582,896	(472,966)
	At 31 December	5,952,540	3,294,704

	December 2023	December 2022
Unquoted equities		
Current	-	-
Non - current	5,952,540	3,294,704
	5,952,540	3,294,704

		December 2023	December 2022
7	**Loans and advances to customers**		
	Loans		
	Gross amount	2,980,590	2,934,990
	Allowance for credit losses	(11,658)	(12,688)
		2,968,932	2,922,302
(a)	Gross amount	2,980,590	2,934,990
	Allowance for credit losses		
	- Impairment loss on stage 1 loans	(2,268)	(10,640)
	- Impairment loss on stage 2 loans		
	- Impairment loss on stage 3 loans	(9,390)	(3,248)
	Total provision for credit losses	(11,658)	(12,688)
	Carrying amount	2,968,932	2,922,302

(b) Loans to customers by type

	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
31 December 2023						
Staff loans	78	-	-	-	-	78
Commercial loans	42,507	(182)	-	(9,131)	(9,320)	33,187
Annuity based loans	2,907,717	(1,818)	-	(258)	(2,076)	2,905,641
Mortgage loans	30,288	(268)	-	-	(268)	30,026
	2,980,590	(2,268)		(9,390)	(11,658)	2,968,932
31 December 2022						
Staff loans	242					242
Commercial loans	40,966	(186)	-	[illegible]	[illegible]	[illegible]
Annuity based loans	2,852,127	(3,558)			(3,558)	2,842,230
Mortgage loans	41,243	[illegible]	-	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]

(c) Loans to customers by segment

	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
31 December 2023						
Loans and advances to individuals	2,976,091	(2,162)	-	(9,455)	(11,617)	2,964,528
Loans and advances to corporates	4,499	-	-	(30)	(30)	4,469
	2,980,590	(2,162)	-	(9,485)	(11,637)	2,968,932

(All amounts are in thousands of Nigerian Naira)

31 December 2022						
Loans and advances to individuals	[illegible]	(10,4[illegible])		(3,26[illegible])	(14,0[illegible])	[illegible]
Loans and advances to corporates	[illegible]	-	-	[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]	-	(3,28[illegible])	[illegible]	[illegible]

(d) Allowance for credit losses on loans and advances to customers

	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, 1 January 2023	10,540	-	8,249	18,789
Charge for the year	(8,271)	-	140	(8,131)
At 31 December 2023	2,268	-	8,389	11,658

	December 2023	December 2022
(e) Changes in Loan and advances to customers		
Movement in [illegible]	-	-
Write back during year		[illegible]
Impairment [illegible]	(7,150)	(100,245)
	(7,150)	(100,[illegible])

	December 2023	December 2022
6 Finance lease receivables		
Gross amount	30,266	[illegible]
Allowance for credit losses	(30,266)	(30,266)
	-	-

	December 2023	December 2022
(a) Gross amount	30,266	[illegible]
Allowance for credit losses:		
- Impairment loss on stage 1 advances	-	-
- Impairment loss on stage 2 advances	-	
- Impairment loss on stage 3 advances	(30,266)	(30,266)
Total provision for credit losses	(30,266)	(30,266)
Carrying amount	-	-

(b) Finance lease advances by sentiment

31 December 2023	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	11,644	-	-	(11,644)	(11,644)	-
Loans and advances to corporate entities	18,622			(18,622)	(18,622)	
	30,266	-	-	(30,266)	(30,266)	-

31 December 2022	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	11,644	-	-	(11,644)	(11,644)	-
Loans and advances to corporate entities	18,622	-	-	(18,622)	(18,622)	[illegible]
	[illegible]			(30,266)	(30,266)	[illegible]

	December 2023	December 2022
(c) The breakdown of gross investment in finance leases is as follows		
Current portion (less than 1 year)	-	-
Non current portion (more than 1 year)	30,266	[illegible]
	30,266	[illegible]

(d) Allowance for credit losses on advances under finance lease

	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
At 1 January 2023	-	-	30,238	30,238
Charge for the year	-	-	28	28
At 31 December 2023	-	-	30,266	30,266

(e)

Impairment/write back on loans and advances	11,658	18,789
Impairment/write back on finance lease	30,266	[illegible]
	41,924	49,064

	December 2023	December 2022
7 Trade and other receivables		
(a)		
Trust account receivables	10,039	[illegible]
Prepayments and other debtors	-	[illegible]
Sundry debtors	44,045	-
	55,085	4,[illegible]
Less: Impairment (Note 7c)	(66)	-
	55,018	4,[illegible]
(b) Trade and other receivables		
Current	55,018	4,[illegible]

(All amounts are in thousands of Nigerian Naira)						
At 1 January 2022	9,268	2,617	3,470	7,728	13,337	36,090
Disposals	-	-	-	-	-	-
Depreciation charge for the year	2,890	55	1,337	147	6,198	11,657
At 1 January 2023	12,158	2,722	4,807	7,875	20,185	48,707
Depreciation charge for the year	1,890	213	1,978	444	8,245	14,532
At 31 December 2022	14,048	2,935	6,785	8,319	28,458	63,240
Carrying amount						
At 31 December 2023	989	210	6,441	1,674	16,452	25,126
At 31 December 2022	4,258	153	5,421	162	10,325	21,260

There were no capitalised borrowing costs related to the acquisition of property and equipment during the period(2022:NIL)
There were no impairment on any class of property and equipment during the period (2022:NIL)

		December 2023	December 2022
14	Trade and other payables		
(a)			
	Sundry creditors	1,461,142	391,790
	Accruals	129,270	114,558
		1,590,412	506,063
(b)	Trade and other payables		
	Current	1,590,412	506,063
	Non - current	-	-
		1,590,412	506,063

		December 2023	December 2022
15	Current tax liabilities		
(a)	Balance 1 January	213,090	191,739
	Charge for the year	142,630	161,677
		355,720	353,416
	Payment during the year	(112,991)	(140,327)
	Balance 31 December	242,729	213,090
(b)	Income tax charge		
	Based on the results for the year		
	Income tax	122,224	169,471
	Education tax	13,849	14,325
	Charge for the year	136,073	183,796
	Information Technology levy	7,243	7,837
	Police Trust Fund Levy	37	39
	Deferred taxation charge	14,651	1,962
		157,548	193,634

		%	December 2023	%	December 2022
(c)	Reconciliation of effective tax rate				
	Profit for the year before tax		734,254		783,716
	Income tax	21%	122,224	22%	169,471
	Education tax	2%	13,849	2%	14,325
	Information Technology levy	1%	7,243	1%	7,837
	Police Trust Fund Levy	0%	37	0%	39
	Deferred tax charge	3%	14,651	1%	1,962
	Total income tax expense	27%	157,548	27%	193,634
	Profit for the year after income tax expense		576,673		590,082
	Effective tax rate		27%		25%

		December 2023	December 2022
16	Fund in Trust		
(a)	Fund in Trust	546,881	383,724
(b)	Movement of funds held in trust during the year		
	Opening balance	383,724	601,330
	Additions	256,372	82,534
	Returned funds	(93,215)	(300,140)
	Closing balance	546,881	383,724
17	Borrowings		
(a)	Leadway Properties and Investment Limited	-	-
	Leadway Asset Management Limited	-	250,213
		-	250,213

(b) Borrowings

	(All amounts are in thousands of Nigerian Naira)		
	Current	-	[illegible]
	Non-current	-	-
		-	[illegible]
(b)	Movement of borrowings during the year		
	Opening balance	202,218	[illegible]
	Additions	-	-
	Repayments	(202,218)	[illegible]
	Closing balance	-	[illegible]
18	**Deferred tax (Asset)/Liabilities**		
	Balance, 1 January	(3,916)	[illegible]
	Charge during the year	(4,951)	[illegible]
	Balance, 31 December	(1,035)	[illegible]

		December 2023	December 2022
19	**Share capital**		
19.1	**Authorized:**		
	Ordinary shares of N1.00 each	1,000,000	1,000,000
19.2	**Issued and fully paid:**		
	Ordinary shares of N1.00 each	1,000,000	1,000,000

20.1 Minimum issued share capital for existing company - Section 124 of CAMA 2020

In line with the Companies Regulations of 2020 released by the Corporate Affairs Commission in December 2020, a Company that has any unissued shares in its capital shall not later than 31 December 2022 fully issue such shares. The Authorised share Capital has been fully issued as at 31st December 2022 in compliance with the requirement of section 124 of Company and Allied Matters Act 2020.

		December 2023	December 2022
20	**Retained earnings and other equity**		
	Retained earnings		
	Balance, 1 January	1,501,581	[illegible]
	Dividend paid during the year	(250,000)	[illegible]
	Bonus issue	-	(340,000)
	Profit for the year	576,673	[illegible]
	Balance, 31st December	1,828,254	1,501,581
21	**Other Reserves**		
	Balance, 1 January	2,938,388	[illegible]
	Fair value through OCI	3,580,896	[illegible]
	Balance, 31st December	6,519,285	[illegible]
22	**Revenue**		
(i)	**Interest Income**		
	Interest income on loan and advances	801,686	[illegible]
	Interest income on loan notes	17,696	[illegible]
	Interest income on placement	9,354	[illegible]
		828,736	[illegible]
(ii)	**Fees and commission income**		
	Processing and Management fees on loans	27,371	[illegible]
	Trusteeship fees	42,235	[illegible]
		69,606	69,598
		898,342	809,795
23	**Other operating income**		
	Write back of impairment of loans and advances	415	[illegible]
	Dividend income	284,361	[illegible]
		284,776	[illegible]

		December 2023	December 2022
24	**Net trading gain/(loss) and foreign exchange income**		
	Fair value (loss)/gain on investment securities	-	[illegible]
	Foreign currency revaluation gain	37,982	[illegible]
		37,982	[illegible]
25	**Impairment on financial assets**		
	Impairment (gain) on loans to customers	(7,190)	[illegible]
	Impairment loss on loan notes	66	-
	Impairment loss on Shareholders convertible loan notes	1,470	-
	Impairment loss on bank balances	851	[illegible]
	Net loss on impairment of financial assets	(4,742)	[illegible]
26	**Finance charge**		
(i)	**Interest expense**		
	Bank charges	1,073	[illegible]
	Interest expense on commercial loans	5,145	[illegible]
	Interest expense on annuity based loans	148,139	[illegible]
		154,357	[illegible]
(ii)	**Fee and commission expense**		
	[illegible]	1,[illegible]	[illegible]

(All amounts are in thousands of Nigerian Naira)

		December 2023	December 2022
		158,073	158,587
27	**Personnel expenses**		
	Staff salaries and expenses	144,975	97,383
	Staff retirement benefit	3,868	3,070
	Staff medical allowance	1,829	[illegible]
	Management assistance and staff welfare	200	5,265
		150,872	106,185

Information regarding employee compensation

		December 2023	December 2022
(a)	The number of employees of the Company who received emoluments in the following range were:		
	N800,000 - N2,000,000	4	1
	N2,000,000 - N5,000,000	5	5
	N5,000,000 - N10,000,000	1	2
	N10,000,000 and above (Senior Management Staff and Managing Director)	3	3
		13	11

		December 2023	December 2022
(b)	The number of persons in the employment of the Company as at year end is as follows:		
	Management Staff (Senior Management Staff and Managing Director)	3	5
	Non management Staff	10	6
		13	11
(c)	Actual remuneration paid to Management of the Company as at year end is as follows:	74,175	41,854
28	**Depreciation and amortisation**		
	Depreciation of property and equipment (Note 14)	14,539	11,507
		14,539	11,507

		December 2023	December 2022
29	**Other operating expenses**		
	Directors' fees and remuneration (Note 29(a))	30,798	25,100
	Auditors remuneration	6,335	5,412
	Fleet repairs and maintenance	7,275	750
	Occupancy and premises maintenance costs	24,341	14,000
	Insurance and licence expenses	7,182	2,468
	Advertising, promotions and branding	10,915	10,565
	Fines and Penalty	3,130	2,755
	Legal and professional fees	12,447	1,019
	Business Development	750	6,552
	Subscriptions	1,452	1,105
	Communication	3,134	3,058
	Training and human capital development	8,773	2,549
	Entertainment and meeting expenses	4,155	1,115
	Group shared service cost	40,000	-
		167,685	93,451

The Auditor (KPMG) did not perform any non-audit services during the year.

		December 2023	December 2022
(a)	**Directors remuneration**		
	Remuneration paid to the Company's Directors was:		
	Fees and sitting allowances	30,798	25,000
	Fees and other emoluments disclosed above include amounts paid to:		
	The Chairman	9,800	9,600
	The highest paid Director	9,800	9,220
	Managing Director	20,998	15,270
30	**Earnings per share**		
	Net profit attributable to equity holders	4,157,570	108,544
	Weighted average number of ordinary shares	1,000,000	1,000,000
	Basic and diluted earnings per ordinary share expressed in naira	4.16	0.11

(All amounts are in thousands of Nigerian Naira)

31 **Dividends**

The Board of Directors have proposed a dividend of N250 million at 25kobo per share (2022: N0.25) from the retained earnings account based on the 2023 financial year results. The dividend amount of N250 million (2022: N250 million) which is liable to withholding tax at a rate of 10% is subject to approval by the shareholders at the Annual General Meeting. Consequently, the dividend has not been included as a liability in these financial statements.

32 **Related parties**

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operating decisions, or one other party controls both. The definition of related parties include subsidiaries, associates, joint ventures and key management personnel.

	December 2023	December 2022
Parent company		
The Parent company which is also the Ultimate company is Leadway Holdings Limited		
Transactions and balances with the Parent Company (Leadway Holdings Limited) includes:		
No right issue was declared in both years	-	-
Subsidiary and Associates		
The Company has no subsidiary or associate relationships		
Fellow subsidiaries and affiliated companies		
This includes Leadway Asset Management, Leadway Hotels, Leadway Properties and Investments Limited and Leadway Assurance Company Limited.		
Intercompany balances		
Leadway Properties and Investments Limited (Due from LPI)	1,319	-
Leadway Assurance Company Limited (Due to LAC)	(7,001)	
Leadway Assurance Company Limited (Due from LAC)	40,900	
Leadway Holdings Limited(Convertible Shareholders Loan Note)	97,833	
Leadway Asset Management Limited (Borrowings)	-	(252,213)
Leadway Asset Management Limited (Placement)	101,835	-

Transactions with key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management personnel includes any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group.

	December 2023	December 2022
Key management personnel and related parties engaged in the following transactions with the Company during the year		
Commercial Loan	9,732	
Convertible Shareholder Loan Note	97,833	
	107,565	-
Key management personnel compensation for the year comprised:		
Directors' fees	30,798	25,550
Other emoluments	-	-

33 **Guarantees and other capital commitments**

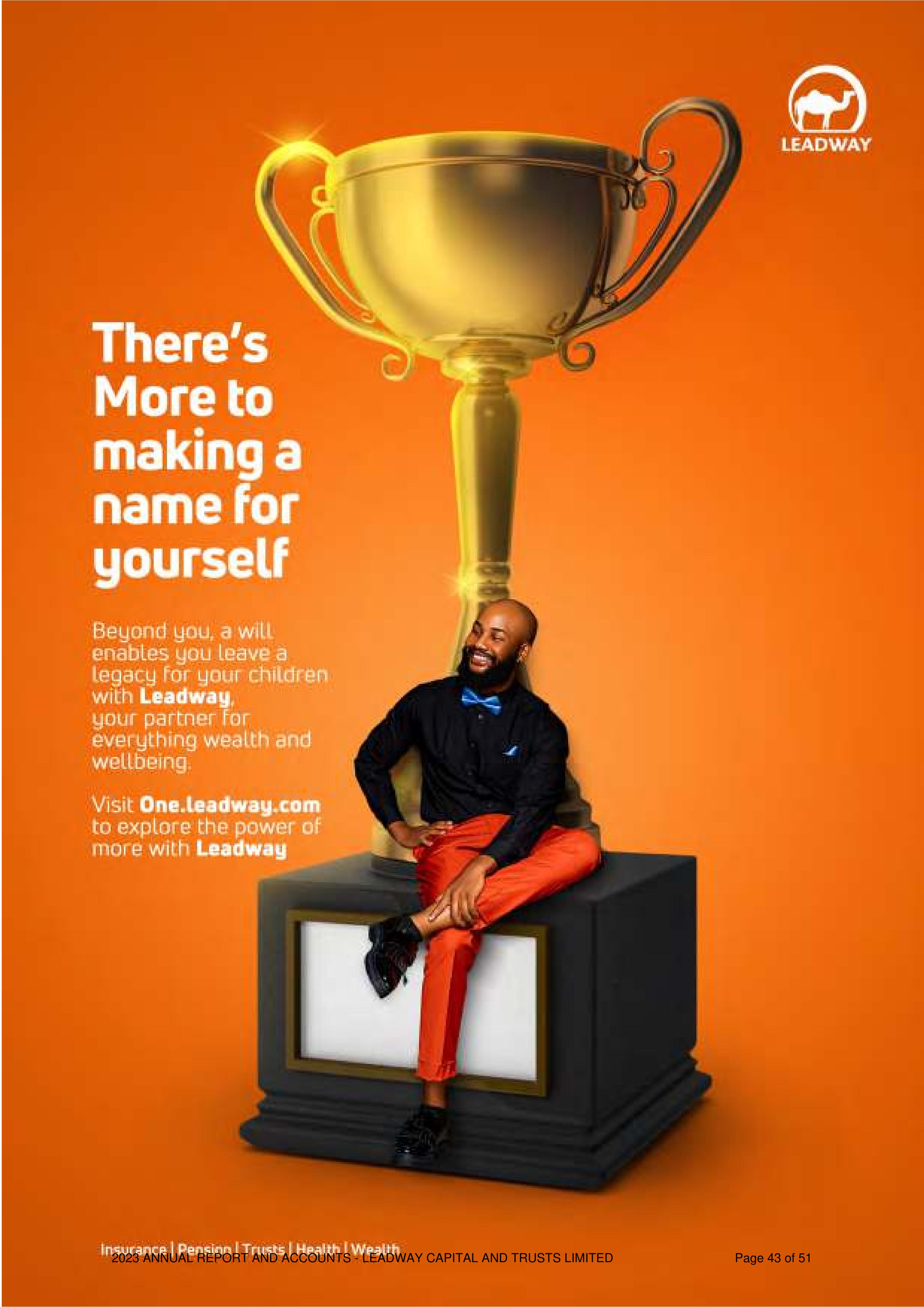
The directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of the financial statements. The liabilities are relevant in assessing the Company's state of affairs at 31 December 2023.

34 **Events after reporting period**

The Directors are of the opinion that no event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Company's financial position as at the reporting date or its result for the year then ended.

35 **Contingent liabilities, litigation and claims**

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and claims amounted to Nil as at 31 December 2023 (2022: Nil). In the opinion of the directors, the Company is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these financial statements.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(a) Introduction and overview

The Company's activities expose it to a variety of financial risks: market risk (including interest rate), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance.
This note presents information about Leadway Capital and Trust's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management.

The Board has articulated its appetite for all significant risks, and ensures that all risk taking activities are within the set appetite. The responsibility for day to day management of these risks has been delegated to Executive Management. In addition, the Board of Directors is responsible for assessing the adequacy and scope of internal controls, audit of the financial statements and overall compliance. The Board of Directors ensures that all decisions on risk management are fully implemented and risk exposures are in line with agreed risk appetite. The Board of Directors approves amendments to the Company's policies, changes in target market or risk acceptance criteria.

The Executive Management has direct responsibility for developing and implementing risk management framework and related policies approved by the Board of Directors. The Executive Management reviews any risk exposures as they occur and recommends risk mitigating strategies/actions. The Executive Management also appraises and approves any finance related transactions. They ensure full compliance with the Board approved policies. In addition, Executive Management is responsible for managing the composition of the Company's assets and liabilities, making policy decisions, and providing direction/oversight for market and liquidity risk management practices.

Risk appetite

The Company's risk appetite is reviewed by the Board of Directors periodically, at a level that minimizes erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies. This reflects the conservative nature of the Company as far as risk taking is concerned.

Risk appetite is expressed in terms of limits and risk indicators across the risk categories (Credit, liquidity, operational and market risks).

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans.

The Company has also updated its ECL model with updated current and forward looking information. The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses and writebacks on financial assets recognised in profit or loss were as follows:

In thousands of naira	Note	31-Dec-23	31-Dec-22
Impairment (writeback) on loans and advances	7 and 8	(41,924)	(49,054)
		(41,924)	**(49,054)**

Management of credit risk

(a) Cash and cash equivalents

The Company held cash and cash equivalents of N1.56 billion as at 31 December 2023 (2022: N948.3 million). The cash and cash equivalents have maturity profile of less than 3 months and are held with local banks and financial institution counterparties, which are assessed to have good credit ratings from S&P, Fitch and GCR rating agencies, both in the long term and short term respectively.

(c) Loans and advances to customers

The Company manages its credit risk through an appropriate measurement, management and reporting process underpinned by sound credit risk systems, policies and well qualified personnel. Credit risk is managed centrally by Enterprise Risk Management (ERM) Unit who have responsibilities for policy setting & review, monitoring and portfolio management.

(i) Credit risk exposure

31-Dec-23

In thousands of naira	Note	Cash and cash equivalents	Investment Securities	Loans and advances	Other assets*	Total
Carrying amount	5,6a,6c,7,8,9,10	1,555,040	7,034,415	2,964,515	110,371	11,664,342
Analysed into:						
Neither past due nor impaired/Stage 1						
Gross amount	5,6a,6c,7,8,9,10	1,555,891	7,034,415	2,966,783	111,908	11,668,998
Allowance for impairment	5,7,8,9	(851)		(2,269)	(1,537)	(4,657)
Carrying amount		1,555,040	7,034,415	2,964,515	110,371	11,664,342

31-Dec-22

In thousands of naira	Note	Cash and cash equivalents	Investment Securities	Loans and advances	Other assets*	Total
Past due not impaired/ Stage 2						
Gross amount		-	-	-	-	-
Allowance for impairment		-	-	-	-	-
Carrying amount						
Individually impaired/Stage 3						
Gross amount	8	-	-	54,535	-	54,525
Allowance for impairment	8			(39,565)		(39,655)
Carrying amount				14,970		14,870
Total carrying amount		1,556,040	7,034,413	2,962,435	110,371	11,363,312

31-Dec-22

In thousands of naira	Note	Cash and cash equivalents	Investment Securities	Loans and advances	Other assets*	Total
Carrying amount	5,6,7,8,9,10	343,347	3,378,580	2,915,781	113,714	6,751,402
Analysed into:						
Neither past due nor impaired/Stage 1						
Gross amount	5,6,7,8,9,10	343,347	3,378,580	-	113,714	3,835,641
Allowance for impairment	5,6,7,8,9,10	-	-	(10,540)	-	(10,540)
Carrying amount		**343,347**	**3,378,580**	**(10,540)**	**113,714**	**3,825,101**
Past due not impaired/ Stage 2						
Gross amount	7,8	-	-	-	-	-
Allowance for impairment	7,8					-
Carrying amount		-	-	-	-	-
Individually impaired/Stage 3						
Gross amount	7,8			38,514		38,514
Allowance for impairment	7,8	-	-	(38,514)	-	(38,514)
Carrying amount		-	-	-	-	-
Total carrying amount		343,347	3,378,580	(10,540)	113,714	3,825,102

Concentrations of credit risk

As at 31 December 2023, the exposure to credit risk for loans by sector was as follows:

31-Dec-23

In thousands of naira	Note	Public Sector	Private Sector	Total
Gross Loans	7,8	-	3,010,855	3,010,855
Impairment allowance:				-
ECL Impairment	7,8	-	(41,923)	(41,923)
Net Loans		-	**2,968,932**	**2,968,932**

As at 31 December 2022, the exposure to credit risk for loans by sector was as follows:

31-Dec-22

In thousands of naira	Note	Public Sector	Private Sector	Total
Gross Loans	7,8	-	2,964,815	2,964,815
Impairment allowance:				
ECL Impairment	7,8	-	(49,054)	(49,054)
Net Loans		-	**2,915,781**	**2,915,781**

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its liabilities that are settled by delivering cash or other financial assets. It is the potential loss to the Company arising from either its inability to meet its obligations or to fund committed increases in assets as they fall due without incurring unacceptable costs or losses.

Management of liquidity risk

The Board of Directors sets the strategy for liquidity risk and delegates the responsibility for oversight and implementation of the policy to Executive Management. The liquidity position is monitored and managed by Executive Management and the Finance Department on a regular basis.

The Executive Management has the primary responsibility for managing liquidity risk arising from assets and liability creation activities. Deliberate strategies put in place to ensure the Company is protected from liquidity risk include monitoring maturity mismatches, behavioural characteristics of the Company's financial assets and liabilities, and the extent to which they are encumbered.

Liquidity risk profile

The key measure used in monitoring liquidity risk is the maturity gap ratio, which is calculated as the ratio of maturing assets to maturing liabilities. The maturity gap ratio displays the extent of mismatch between maturing assets and maturing liabilities.

The following are the contractual maturities of financial assets and liabilities.

Liquidity gap analysis

31 December 2023

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	1,555,040	1,555,040	1,555,040			
Investment securities			-		-	-	-
At fair value through other comprehensive income	6	6,850,540	6,850,540		-	-	6,850,540
At fair value through profit or loss	6	83,876	83,876	83,876	-	-	-
Loans and advances to customers	7	2,968,932	3,010,856	570,139	572,024	1,184,397	684,295
Finance lease receivables	8	-	30,296	-	-		30,296
Trade and other receivables	9	55,018	55,018	-	-	55,018	-
Convertible Shareholder Loan Notes	10 (a)	97,833	97,833	-	9,853	9,853	78,127
Client Trust Assets	11	1,649,332	1,649,332	1,649,632			
Total financial assets		13,350,871	13,433,051	3,858,686	581,877	1,249,268	7,743,229
Financial liabilities							
Trade and other payables	14	1,590,410	1,590,410			1,590,410	
Client trust liabilities	11	1,649,332	1,649,332	1,649,632	-	-	-
Fund in trust	16	546,981	546,981	424,503	122,177.68		
Borrowings	17	-	-	-	-	-	-
Total financial liabilities		3,786,722	3,786,722	2,074,135	122,178	1,590,410	-
Liquidity gap			9,646,338	1,784,552	459,699	(341,142)	7,743,229
Cumulative liquidity gap			9,646,338	1,784,552	2,244,251	1,903,109	9,646,338

31 December 2022

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	343,347	343,347	343,347			
Investment securities			-				
At fair value through other comprehensive income	6	3,294,704	3,294,704				3,294,704
At fair value through profit or loss	6	83,876	83,876	83,876			
Loans and advances to customers	7	2,915,752	3,637,375	570,139	572,024	1,184,397	1,510,515
Finance lease receivables	8	0	30,296				30,296
Trade and other receivables	9	14,363	14,363			14,363	
Convertible Shareholder Loan Notes	10 (a)	99,352	197,051	-	9,853	9,853	177,345
Client Trust Assets	11	158,243	158,248	158,248			
Total financial assets		6,909,651	7,959,230	1,155,609	581,877	1,208,613	5,013,131
Financial liabilities							
Trade and other payables	14	506,094	506,094			506,094	
Client trust liabilities	11	158,248	158,248	158,248			
Fund in trust	16	365,724	514,909	424,503	90,435	-	-
Borrowings	17	252,213	273,550	273,650	-	-	-
Total financial liabilities		1,282,279	1,462,931	856,401	90,435	506,094	-
Liquidity gap			6,506,299	299,208	491,442	702,519	5,013,131
Cumulative liquidity gap			6,506,299	299,208	790,650	1,493,168	6,506,299

(d) Market risk

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

Management of market risk

The overall authority for market risk is vested by the Board in the Executive Management which sets up limits for each type of risk in aggregate. They are responsible for monitoring, managing and reporting to the Board of Directors.

(i) Foreign exchange risk

Foreign exchange risk is the exposure of the Company's financial condition to adverse movement in exchange rates. The company has foreign currency deposits in a commercial bank.

	31-Dec-23	31-Dec-22
	N'000	N'000
5% Naira appreciation	(5,619)	(6,447)
5% Naira depreciation	5,619	6,447

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to a considerable level of interest rate risk. These changes could have negative impact on the net interest income, if not properly managed.

Sensitivity analysis are carried out from time to time to evaluate the impact of rate changes on the net interest income (100 basis points). The assessed impact has not been significant on capital or earnings of the Company.

Interest rate profile

The table below summarizes the Company's interest rate gap position. for interest bearing financial instruments

31 December 2023

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Investment securities			-				
At fair value through other comprehensive income	6	-	-				-
At fair value through profit or loss	6	-	-	-			
Loans and advances to customers	7	2,915,762	3,010,856	570,139	572,024	1,184,397	684,295
Finance lease receivables	8	0	30,266				30,266
Convertible Shareholder Loan Notes	10 (a)	99,303	99,303	-	9,853	9,853	79,597.87
Total financial assets		3,015,065	3,140,425	570,139	581,877	1,194,250	794,159
Financial liabilities							
Fund in trust	16	546,681	546,681	456,245.26	90,435	-	-
Borrowings	17	-	-	-	-	-	-
Total financial liabilities		546,681	546,681	456,245	90,435	-	-
Interest re-pricing gap			2,593,744	113,894	491,442	1,194,250	794,159
Cumulative repricing gap			2,593,744	113,894	605,335	1,799,585	2,593,744

31 December 2022

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	-	166,305	166,305	-	-	-
Investment securities			-				
At fair value through other comprehensive income	6	-	-				-
At fair value through profit or loss	6	-	-	-			
Loans and advances to customers	7	2,915,762	3,837,375	570,139	572,024	1,184,397	1,510,815
Finance lease receivables	8	0	30,266				30,266
Convertible Shareholder Loan Notes	10 (a)	99,352	197,051	-	9,853	9,853	177,346
Total Interest rate driven assets		3,015,114	4,230,997	736,444	581,877	1,194,250	1,718,427
Financial liabilities							
Fund in trust	16	365,724	514,939	424,503	90,435	0	0
Borrowings	17	252,213	273,650	273,650	-	-	-
Total Interest rate driven liabilities		617,937	788,589	698,153	90,435	-	-
Interest re-pricing gap			3,442,408	38,290	491,442	1,194,250	1,718,427
Cumulative repricing gap			3,442,408	38,290	529,732	1,723,981	3,442,408

The management of interest risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various scenarios. Interest rate movement affects reported income by causing an increase or decrease in net interest income and fair value changes.

The table below shows the impact on the Company's loss before tax if interest rates on financial instruments held at amortised cost had increased or decreased by 100 basis points, with all other variables held constant.

In thousands of naira	31 December 2023	31 December 2022
Increase in interest rate by 100 basis points (+1%)		
Sensitivity of interest rate on loans and advances to customers	(29,158)	(29,158)
Sensitivity of interest rate to investment securities		

Sensitivity of interest rate on borrowings and debt securities issued	-	2,522
Decrease in interest rate by 100 basis points (-1%)		
Sensitivity of interest rate on loans and advances to customers	29,168	29,168
Sensitivity of interest rate to investment securities		
Sensitivity of interest rate on borrowings and debt securities issued	-	(2,522)

(e) Operational risk management

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

The Company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management practices towards enhancing stake holders' value. Operational risk objectives include the following;

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

The processes involved in the operational risk activities are summarized below:

- Operational risks are identified by the assessments covering risks inherent in processes, activities and products.
- Risk assessment incorporates a regular review of risks identified to monitor significant changes.

The Executive Management is responsible for the management of operational risk in the following areas:

- Compliance with regulatory and other legal requirements.
- Promotion of ethical and business standards.
- Training and professional development.

(f) Capital management

The strategy for assessing and managing the impact on the Company's business of present and future regulatory capital forms an integral part of the Company's strategic plan. Specifically, the Company considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Company's assessment and against the supervisory/regulatory capital requirements taking account of the Company business strategy and value creation to all its stakeholders.The minimum regulatory capital is NGN300million.

(All amounts are in thousands of Nigerian Naira)

	December 2023	%	December 2022	%
Turnover				
- Local	828,736		743,197	
Other income				
- Local	284,776		212,247	
(Expenses)/Income on materials and services - Local	(59,691)		104,810	
Value Added	**1,053,821**	100	1,060,253	100
Applied to pay:				
Employee salaries and wages	150,672	14	106,566	10
Government as tax	142,630	14	191,672	18
To providers of finance				
Interest on loans and borrowings	154,357	15	158,315	15
Retained in the business:				
Depreciation of property and equipment	14,538	1	11,657	1
Amortization of intangible assets	-			
To augment reserves	576,673	55	588,080	55
Deferred taxation	14,951	-	3,962	0
Value Added	**1,053,821**	100	1,060,253	100

FIVE YEAR FINANCIAL SUMMARY

(All amounts are in thousands of Nigerian Naira)

	2023	2022	2021	2020	2019
ASSETS					
Cash and cash equivalents	1,555,040	345,347	490,393	516,222	963,925
Investment securities					
- At fair value through other comprehensive income	6,950,540	3,294,704	347,547	255,754	122,704
- At fair value through profit or loss	83,876	83,876	116,384	114,757	118,523
Loans and advances to customers	2,968,932	2,915,762	2,584,386	2,710,219	3,332,316
Finance lease receivables	-	-	28	10,933	3,283
Trade and other receivables	55,018	14,363	6,527	12,978	2,535
Shareholders Loan	97,833	99,352			
Deferred tax asset	-	3,916	7,578	22,290	17,421
Sinking fund asset	-	-	-	1,078	469
Client trust assets	1,649,632	158,248	199,519	334,243	371,460
Intangible assets	-	-	-	-	21
Property and equipment	28,126	21,750	28,136	35,738	20,441
TOTAL ASSETS	13,388,996	6,935,318	3,884,666	4,016,159	4,853,098
LIABILITIES					
Trade and other payables	1,590,410	506,094	531,147	487,890	307,697
Sinking fund liability	-	-	-	1,078	469
Client trust liabilities	1,649,632	158,248	199,519	334,243	371,460
Current tax liabilities	243,720	213,090	164,744	81,596	156,142
Fund in Trust	546,681	365,724	600,580	814,706	998,569
Borrowings	-	252,213	276,994	563,466	1,550,214
Deferred tax liabilities	11,035	-	-	-	-
TOTAL LIABILITIES	4,041,477	1,495,369	1,773,184	2,282,992	3,384,551
EQUITY					
Share capital	1,000,000	1,000,000	660,000	660,000	660,000
Retained earnings	1,828,234	1,501,561	1,451,482	1,073,165	808,545
Other Reserves	6,519,285	2,938,388	-	-	-
TOTAL EQUITY	9,347,519	5,439,949	2,111,482	1,733,165	1,468,545
TOTAL LIABILITIES AND EQUITY	13,388,996	6,935,319	3,884,567	4,016,159	4,853,097
Revenue	898,342	905,795	963,353	1,014,649	915,554
Profit before tax	734,254	783,713	703,186	487,107	473,031
Profit after tax	576,673	588,080	543,316	429,621	358,017
Basic earnings per share (N)	4.16	0.11	0.82	0.60	0.54