



Accountants &
business advisers

LEADWAY CAPITAL AND TRUSTS LIMITED

**FINANCIAL STATEMENTS
31 DECEMBER 2015**

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LEADWAY CAPITAL AND TRUSTS LIMITED**

We have audited the accompanying financial statements of **Leadway Capital and Trusts Limited**, which comprise the statement of financial position at 31 December 2015, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies, and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and International Financial Reporting Standards in compliance with Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement present fairly, in all material respects the financial position of Leadway Capital and Trusts Limited at 31 December 2015, and of its financial performance and Cash flows for the year then ended; in the manner required by the Companies and Allied Matter Act, CAP C20, LFN 2004 and International Financial Reporting Standard, in compliance with Financial Reporting Council of Nigeria Act, No 6, 2011.

The company has kept proper books of account, which are in agreement with the financial position and statement of comprehensive income as it appears from our examination of their records.



Olatunji Ogundeyin, FCA, FRC/2013/CAN/0000002224

For: **PKF Professional Services**
Chartered Accountants
Lagos.

Dated: 3 March 2016



LEADWAY CAPITAL AND TRUSTS LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	Notes	2015 ₦'000	2014 ₦'000
Assets			
Cash and cash equivalent	6	312,208	458,672
Loans and receivables	7.1	1,240,674	443,929
Available for sale	7.2	85,752	85,752
Held for trading	7.3	100,523	121,738
Finance lease receivables	8	130,421	234,327
Trade and other receivables	9	57,683	43,282
Due from related company	10	-	26,244
Sinking fund asset	11	1,522	1,262
Intangible assets	12	7,741	11,519
Property, plants, and equipment	13	7,152	8,616
TOTAL ASSETS		1,943,676	1,435,341
LIABILITIES			
Trade and other payables	14	135,742	158,518
Sinking fund liability	11	1,522	1,262
Due to parent company	15	8,498	7,805
Fund in trust	16	436,720	407,458
Borrowings	17	605,556	115,103
Tax payable	18	15,120	35,323
Deferred tax liability	18.1	678	1,726
TOTAL LIABILITIES		1,203,836	727,195
CAPITAL AND RESERVES			
Share capital	20	440,000	440,000
Retained earnings	21	299,840	268,147
Total Equity		739,840	708,147
Total Liability and Equity		1,943,676	1,435,341

The financial statements were approved by the Board of Directors on 3 March 2016 and signed on its behalf by:

		
_____ Mr. Oye Hassan-Odukale Chairman FRC/2013/IODN/00000001963	_____ Mr. Odesola Olukayode Chief Finance Officer FRC/2013/ICAN/00000003824	_____ Ayo Wuraola Chief Executive Officer FRC/2013/CISN/00000004036

The accompanying notes on pages 6 to 32 form an integral part of these financial statements.

LEADWAY CAPITAL AND TRUSTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 N'000	2014 N'000
Revenue	22	306,378	237,133
Net gains on financial instrument classified as Held for trading		-	58,108
Other Income	23	<u>20,637</u>	<u>27,129</u>
Total revenue		<u>327,015</u>	<u>322,370</u>
Management expenses	24	(43,262)	(35,524)
Financial charges	27	(36,819)	(37,927)
Net impairment loss on financial assets	28	(104,586)	(38,615)
Personnel expenses	29	<u>(45,703)</u>	<u>(44,569)</u>
Total expense		<u>(230,370)</u>	<u>(156,635)</u>
Profit before tax		96,645	165,735
Taxation	18.2	<u>(12,152)</u>	<u>(12,307)</u>
Profit after tax		84,493	153,428
Other comprehensive income			
Revaluation gain		<u>-</u>	<u>-</u>
Total comprehensive income net of tax		<u>84,493</u>	<u>153,428</u>
Earning per share		19	35

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

LEADWAY CAPITAL AND TRUSTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Issued share capital N'000	Retained earnings N'000	Fair value reserve N'000	Total N'000
Balance at 31 December 2014		<u>440,000</u>	<u>163,119</u>	<u>-</u>	<u>603,119</u>
Change in equity for 2014:					-
Profit for the year		<u>-</u>	<u>153,428</u>	<u>-</u>	<u>153,428</u>
Total comprehensive income for the year		<u>-</u>	<u>153,428</u>	<u>-</u>	<u>153,428</u>
Dividend paid during the year			<u>(48,400)</u>	<u>-</u>	<u>(48,400)</u>
Balance at 31 December 2014		<u>440,000</u>	<u>268,147</u>	<u>-</u>	<u>708,147</u>
Balance at 1 January 2015		440,000	268,147	-	708,147
Change in equity for 2015:					
Profit for the year		<u>-</u>	<u>84,493</u>	<u>-</u>	<u>84,493</u>
Total comprehensive income for the year		<u>-</u>	<u>84,493</u>	<u>-</u>	<u>84,493</u>
Revaluation gain			-	-	-
Dividend paid during the year		<u>-</u>	<u>(52,800)</u>	<u>-</u>	<u>(52,800)</u>
Balance at 31 December 2015		<u>440,000</u>	<u>299,840</u>	<u>-</u>	<u>739,840</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 N'000	2014 N'000
Profit after tax		84,493	153,428
Adjustments for:			
Depreciation of property, plant and equipment	13	2,090	361
Amortisation of intangible assets	12	7,011	4,048
Provision for doubtful investment	7.3	-	31,900
Profit on disposal of fixed assets	23	-	(463)
Fair value loss/(gain) through profit and loss		21,216	(58,108)
Adjustment on fixed assets	13	-	342
Income tax expense	18	12,152	12,307
Finance cost	27	36,819	37,927
Interest income		<u>(155,376)</u>	<u>(99,993)</u>
		8,405	81,749
Changes in:			
Loans and advances to customers		(796,745)	101,004
Finance lease receivables		103,906	68,993
Trade and other receivables		(14,401)	21,388
Due from related company		26,937	(7,917)
Creditors and accruals		<u>(22,777)</u>	<u>(10,606)</u>
Cash generated from operating activities		(703,080)	172,862
Income tax paid		<u>(33,403)</u>	<u>(29,163)</u>
Net cash (used in)/from operating activities		<u>(728,078)</u>	<u>225,448</u>
Cash flows from investing activities			
Acquisition of property and equipment		(626)	(8,323)
Acquisition of intangible assets		(3,233)	(5,855)
Proceed from sale of fixed assets		-	640
Interest received		<u>155,376</u>	<u>99,993</u>
Net cash from investing activities		<u>151,517</u>	<u>86,455</u>
Cash flows from financing activities			
Dividends paid		(52,800)	(48,400)
Borrowings		490,453	(140,113)
Funds-in-trust repaid		29,262	(385)
Finance cost	27	<u>(36,819)</u>	<u>(37,927)</u>
Net cash from/(used in) financing activities		<u>430,096</u>	<u>(226,825)</u>
Net (decrease)/increase in cash and cash equivalents		(146,465)	85,078
Cash and cash equivalents at 1 January		<u>458,673</u>	<u>373,595</u>
Cash and cash equivalents at 31 December	6	<u><u>312,208</u></u>	<u><u>458,673</u></u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 The Company

1.1 Legal form

The Company Leadway Capital and Trusts Limited ("Leadway Capital" or the Company) is a private limited liability company domiciled in Nigeria. The address of the company's registered office is 121/123 Western Avenue, Iponri, Surulere, Lagos.

1.2 Principal activities

The company is principally engaged in the business of providing Trust Management, Investment Management and related financial services to its customers. Such services include provision of loans and advances to both corporate and individual customers by way of commercial loans or lease.

2. Basis of preparation

2.1 The Company's financial statements for the year ended 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by Companies and Allied Matters Act (CAMA) has been included where appropriate.

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

2.2 Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets(liabilities) and measured at fair value.

The financial statements are presented in Nigerian Naira, which is the Company's functional currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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 therefore present the financial position and results fairly.

2.3 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

2.3.1 IFRS 9 'Financial instruments'

This addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The entity is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2.4 Summary of Standards and Interpretations effective for the first time in December 2011

2.4.1 IFRS 12 Disclosure of Interests in other entities

IFRS 12 sets out requirements for disclosure of information of the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial statements.

3. Summary of significant policies

3.1 Intangible assets

3.1.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate. Computer software useful life is 5years.

3.1.2 Intangible assets

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Company
- the company has the intention of completing the asset for either use or resale
- the company has the ability to either use or sell the asset
- it is possible to estimate how the asset will generate income
- the company has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

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

3.1.3 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.2 Property, plant and equipment

3.2.1 Recognition and measurement

Property, plant and equipment comprise land and building and other tangible assets owned by the company.

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3.2.2 Subsequent costs

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.2.3 Depreciation of property, plant and equipment

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

Furniture and fittings	-	20%
Equipment	-	33 $\frac{1}{3}$ %
Plant and Machinery	-	25%
Motor Vehicle	-	20%

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

3.2.4 De-recognition of property, plant and equipment

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 income statement in the year the asset is derecognised.

3.2.5 Reclassification to investment property

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

3.3 Impairment of tangible and intangible assets, excluding goodwill

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

3.4 Financial instruments

Financial instruments carried at state of financial position date include the loans and receivables, cash and cash equivalents and borrowings. Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

3.4.1 Financial assets

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.4.1.1 Classifications

a. Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

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

Financial assets designated at fair value through profit or loss at inception are those that are:

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

b. Loans and receivables

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

c. Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates at fair value through profit or loss.
- those that the Company designates as available for sale; and
- those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest and similar income'. In the case of an impairment, it is been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

d. Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

3.4.1.2 Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or losses are initially recognized at fair value, and transaction costs are expensed in the income statement.

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest rate method.

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

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

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established. Both are included in the investment income line.

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

3.4.1.3 Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

3.4.2 Impairment of financial assets

• Financial assets carried at amortised cost

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the Company about the following events:

- ◆ Significant financial difficulty of the issuer or debtor;
 - ◆ A breach of contract, such as a default or delinquency in payments;
 - ◆ It becoming probable that the issuer or debtor will enter bankruptcy or other financial
 - ◆ The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
- adverse changes in the payment status of issuers or debtors in the Company; or
 - national or local economic conditions that correlate with defaults on the assets in the Company.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are computed on the basis of similar credit risk characteristics (that is, on the basis of the Company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for company's of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Assets classified as available for sale

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

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

3.4.3 Financial Liabilities

The company's financial liabilities at statement of financial position date include 'Borrowings', and 'Funds in Trust'. These financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are included in 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.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.4.3.1 Interest bearing borrowings

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest 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.

3.4.3.2 Trust and managed funds

Trust and managed funds represents cash deposit made by customers. Customers' deposits are accounted for at cost and accrued interest. Investments purchased with the funds and the related receipts and payments are deposit accounted in the statement of financial position in line with financial instruments.

3.5 Offsetting financial instruments

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

3.6 Trade and other receivables

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

3.7 Cash and cash equivalents

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

3.8 Trade and other Payables

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

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

3.9 Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) remain on the statement of financial position; the counterparty liability is included in deposits by banks, or customer accounts, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.10 Equity instruments

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

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

3.11 Employee benefits

3.11.1 Define contribution plan

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

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

3.11.2 Termination benefits

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

3.11.3 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Revenue recognition

3.12.1 Investment income

Investment income comprise interest income earned on short term deposits, rental income, dividends, rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value assets. It is accounted for on accrual basis.

3.12.2 Interest income

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.12.3 Rental income

Rental income is recognized on an accrual basis.

3.12.4 Realised gains and losses

The realized gains or losses on the disposal of an investment is the difference between proceeds received net of transaction costs and its original or amortised costs as appropriate.

3.12.5 Dividend income

Dividend is recognized as earned when the quoted price of the related security is adjusted to reflect the value of the dividend and is stated at net of withholding tax. Scrip dividend is recognized on the basis of the market value of the shares on the date they are quoted.

3.13 Leases

The determination of whether an arrangement is a lease or contains a lease is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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

3.13.1 As Lessor

Operating leases

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

Finance Leases

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the lease payments is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Impairment of lease receivable

A provision for impairment is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted based on the effective interest rate implicit at the inception of the contract.

3.13.2 As Lessee

Finance leases

Assets held under finance leases are recognised as assets of the Company at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability. Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Operating leases

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

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

3.14 Taxation

3.14.1 Income Taxation

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

The current income tax charge is calculated at 30% based on the tax laws enacted or substantively enacted at the end of the reporting period in Nigeria. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.14.2 Deferred Taxation

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

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

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

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

3.14.3 Value added tax

Non-recoverable VAT paid in respect of an item of non capital nature is written off to Statement of Comprehensive Income. Non-recoverable VAT paid in respect of fixed assets is capitalized as part of the cost of the fixed assets.

3.14.4 Withholding tax

The withholding tax credit is set off against income tax payable. Tax credits, which are considered irrecoverable, are written off as part of the tax charge for the year.

3.14.5 Capital gains tax

Capital gains tax is included in the tax expense for the period to which it relates.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3.15 Provisions

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

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

Restructuring provisions

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

Onerous contracts

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

3.16 Foreign currencies

3.16.1 Foreign currency transactions

Transactions in foreign currencies are recorded in Nigerian Naira at the rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

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

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

3.17 Share capital and reserves

3.17.1 Share capital

The company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

3.17.2 Dividend on ordinary shares

Dividends are recognized in equity in the period in which they are paid. Dividends proposed by the Directors' but not yet approved by Shareholders are only disclosed in the financial statements.

3.18 Earnings per share

The Company presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.

Diluted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. Critical judgment in applying the Company's accounting policies

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

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

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

4a Impairment of available-for-sale equity financial assets

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. Risk Management Framework

The Company adopts the risk management framework of the parent company- Leadway Assurance. The primary objective of Leadway's Enterprise risk management framework is to protect the company's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Leadway Company has established a risk management function with clear terms of reference from the board of Directors, its committees and the executive management committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls.

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

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Financial risks – Risk associated with the financial operation of the company, including capital management, investments, liquidity and credit.

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

5.1 Strategic risks

Capital Management Policies, Objectives and Approach

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

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

Leadway Capital 's operations are also subject to regulatory requirements within Nigeria in which it operates. In addition returns must be submitted to SEC on a regular basis.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The Company's primary source of capital used is equity shareholders' funds and borrowings.

There has been no significant changes to its capital structure during the past year from previous years.

5.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

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

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- Ethical and business standards.

5.3 Financial Risks

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

- Credit risks
- Liquidity risks
- Market risks

5.3.1 Credit risks

Credit risks arise from a counterparty's inability to fully meet its on and/ off- balances sheet contractual obligations. Exposure to this risk results from financial transactions with a counter party including issuer, debtor, investee, borrower.

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

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

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

5.3.2 Liquidity risks

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

The Company employs policies and procedures to mitigate the it's exposure to liquidity risk:

5.3.3 Market risks

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

Currency risk

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

The Company's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

5.4 Fair value determination

Fair value is the amount at which an asset or liability is exchanged between knowledgeable willing parties in an arms length transaction.

The carrying values of the Company's financial assets and liabilities are a reasonable approximation of fair values as at the applicable reporting periods.

Fair values of equity securities with active markets were derived with reference with their markets prices as at the reporting period.

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

a) Strategic Risks

Capital Management Policies, Objectives and Approach

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

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

Leadway Capital 's operations are also subject to regulatory requirements within Nigeria in which it operates. In addition annual returns must be submitted to SEC on a regular basis.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis.

The Company's primary source of capital used by is equity shareholders' funds and borrowings.

There has been no significant changes to its capital structure during the past year from previous years.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

b) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's

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

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

c) Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

	2015 R'000	2014 R'000
6. Cash and cash equivalents		
Cash in hand	10	7
Cash at bank	69,460	96,928
Short term placements	242,738	361,737
	<u>312,208</u>	<u>458,672</u>

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.

7. Financial assets

Loans and receivables (Note 7.1)	1,240,674	443,929
Available for sale (Note 7.2)	85,752	85,752
Held for trading (Note 7.3)	100,523	121,738
	<u>1,426,949</u>	<u>651,419</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
7.1 Loans and receivable		
Investment in loans include:		
Staff loans	1,493	3,672
Commercial loans	276,057	370,675
Mortgage Loans	68,058	98,038
Loans to annuitant	<u>924,094</u>	<u>3,181</u>
	1,269,702	475,566
Less impairment (Note 7.1(i))	<u>(29,028)</u>	<u>(31,637)</u>
	<u>1,240,674</u>	<u>443,929</u>
7.1(i) The movement in impairment loss and advances during the year is as follows:		
Balance as at 1 January	31,637	50,561
Addition during the year	24,572	298
Write back during the year	(8,135)	(19,222)
Write off during the year	<u>(19,046)</u>	<u>-</u>
Balance as at 31 December	<u>29,028</u>	<u>31,637</u>
7.2 Available for sale:		
Unquoted equity securities	85,752	85,752
Fair value gain/loss	<u>-</u>	<u>-</u>
	<u>85,752</u>	<u>85,752</u>
Available for sale unquoted equity securities are measured at cost because their fair value could not be reliably measured.		
7.3 Held for Trading		
Quoted equity securities:		
Ordinary shares at cost	95,530	95,530
Fair value gains (Note 7.3a)	<u>36,893</u>	<u>58,108</u>
	132,423	153,638
Provision for doubtful investments	<u>(31,900)</u>	<u>(31,900)</u>
	<u>100,523</u>	<u>121,738</u>
7.3(a) Fair value gain on financial instruments Held for Trading		
Balance as at 1 January	58,108	-
Fair value (loss)/ gain in the year	<u>(21,216)</u>	<u>58,108</u>
Balance as at 31 December	<u>36,892</u>	<u>58,108</u>

Provision doubtful investment represent provision for Starcom shares which has been considered to be bad as a result of the delisting of the company by the Nigeria Stock Exchange Commission.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
8. Finance lease receivable		
a) Investment in finance leases comprise of:		
Gross investment in finance leases	134,943	242,708
Less: Impairment (Note 8c)	<u>(4,522)</u>	<u>(8,381)</u>
	<u><u>130,421</u></u>	<u><u>234,327</u></u>
b) The breakdown of gross investment in finance lease is as follows:		
Current portion	45,359	81,583
Non-current portion	<u>89,584</u>	<u>161,125</u>
	<u><u>134,943</u></u>	<u><u>242,708</u></u>
<p>The allowances for finance lease receivables were determined on a specific and a collective basis. Specific impairments were made based on objective evidence of impairment of the finance lease receivable. The Company considers defaults on part of the lessee who have long outstanding payments and whether or not they are adjudged to be in significant financial difficulty.</p>		
c) The movement in allowance for doubtful accounts during the year was as follows:		
Balance as at 1 January	8,381	14,797
Addition during the year	-	546
Write back of impairment	(2,384)	(6,962)
Write off during the year	<u>(1,475)</u>	<u>-</u>
Balance as at 31 December	<u><u>4,522</u></u>	<u><u>8,381</u></u>
9. Trade and other receivables		
Trusteeship fees receivable	47,243	38,262
Dividends receivable	313	5,834
Sundry debtors	<u>12,734</u>	<u>7,662</u>
	<u><u>60,290</u></u>	<u><u>51,758</u></u>
Less: Impairment (Note 9a)	<u>(2,607)</u>	<u>(8,476)</u>
	<u><u>57,683</u></u>	<u><u>43,282</u></u>
a) The movement in impairment during the year was as follows:		
Balance as at 1 January	8,476	3,086
Addition during the year	355	5,871
Recovery on impairment	<u>(6,224)</u>	<u>(481)</u>
Balance as at 31 December	<u><u>2,607</u></u>	<u><u>8,476</u></u>
10. Due from related Company		
LAC - extraforce staff receivable	-	10,728
Leadway properties and investment	<u>-</u>	<u>15,516</u>
	<u><u>-</u></u>	<u><u>26,244</u></u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000			
11. Sinking fund					
Sinking fund	<u>1,522</u>	<u>1,262</u>			
This is sinking fund account opened with FSDH Merchant Bank to facilitate the payment to bond holders of C&I Leasing 2012/2017 Bond					
12. Intangible assets - Computer Software					
Cost					
At 1 January	25,280	19,425			
Additions	<u>3,233</u>	<u>5,855</u>			
At 31 December	<u>28,513</u>	<u>25,280</u>			
Accumulated amortization					
At 1 January	13,761	9,713			
Additions	<u>7,011</u>	<u>4,048</u>			
At 31 December	<u>20,772</u>	<u>13,761</u>			
Carrying amount	<u>7,741</u>	<u>11,519</u>			
13. Property, plant and equipment					
	Office Equipment N'000	Computers Hardware N'000	Furniture and Fittings N'000	Motor Car N'000	Total N'000
2015					
Cost					
At 1 January	1,529	1,821	5,840	10,500	19,690
Additions	<u>-</u>	<u>-</u>	<u>626</u>	<u>-</u>	<u>626</u>
At 31 December	<u>1,529</u>	<u>1,821</u>	<u>6,466</u>	<u>10,500</u>	<u>20,316</u>
Accumulated depreciation					
At 1 January	1,084	1,391	5,422	3,177	11,074
Additions	<u>121</u>	<u>177</u>	<u>298</u>	<u>1,494</u>	<u>2,090</u>
At 31 December	<u>1,205</u>	<u>1,568</u>	<u>5,720</u>	<u>4,671</u>	<u>13,164</u>
Carrying amount	<u>324</u>	<u>253</u>	<u>746</u>	<u>5,829</u>	<u>7,152</u>
At 31 December 2014	<u>445</u>	<u>430</u>	<u>418</u>	<u>7,323</u>	<u>8,616</u>

13.1 There were no impairment losses recognised during the year.

13.2 The company does not have any item of property, plant and equipment pledged as security for liabilities.

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
14. Trade and other payable		
Sundry creditors	103,851	129,404
Accruals	<u>31,891</u>	<u>29,114</u>
	<u>135,742</u>	<u>158,518</u>
15. Due to parent company		
LAC - Bethel Marine	1,210	1,210
Leadway Ass. Co. Limited - Share sales	4,354	4,355
Leadway Assurance - Dedicated Claim	2,240	2,240
LAC - extraforce staff receivable	<u>694</u>	<u>-</u>
	<u>8,498</u>	<u>7,805</u>
16. Fund In Trust		
LAC staff gratuity (Life and non-life)	96,502	112,098
Leadway Assurance past service scheme	7,006	6,018
HR Nigeria Limited (Corona Provident Fund)	91,861	84,017
NTC/BAT Merger	149,000	149,000
Haskal Holdings Limited - Investment	56,530	56,325
Mrs Omowunmi Sotubo	20,821	-
Emmanuel Chapel	<u>15,000</u>	<u>-</u>
	<u>436,720</u>	<u>407,458</u>
17. Borrowings		
Leadway Assurance Limited	455,556	-
Leadway Properties & Investment Limited	<u>150,000</u>	<u>115,103</u>
	<u>605,556</u>	<u>115,103</u>
<p>This represents the facility advanced to Leadway Capital & Trust Limited by leadway Assurance Limited and Leadway Properties & Investment Limited to finance loans to customers.</p>		
18. Taxation payable		
At 1 January	35,323	54,507
Charge for the year	<u>13,200</u>	<u>9,979</u>
	48,523	64,486
Payments during the year	<u>(33,403)</u>	<u>(29,163)</u>
At 31 December	<u>15,120</u>	<u>35,323</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 ₦'000	2014 ₦'000
18.1 Deferred taxation		
At 1 January	1,726	(602)
(Write back) /Charge for the year	<u>(1,048)</u>	<u>2,328</u>
At 31 December	<u>678</u>	<u>1,726</u>
Deferred tax is analysed as follows:		
Deferred tax liabilities	(1,048)	2,328
Deferred tax assets	<u>1,726</u>	<u>(602)</u>
	<u>678</u>	<u>1,726</u>
Deferred tax assets is attributable to collective impairment losses recognised on the Company's financial assets.		
18.2 Income tax charge		
Based on the results for the year:		
Income tax	13,200	20,477
Provision in excess of prior year tax assessment	-	(12,022)
Education tax	<u>-</u>	<u>1,524</u>
Charge for the year	13,200	9,979
Deferred taxation	<u>(1,048)</u>	<u>2,328</u>
	<u>12,152</u>	<u>12,307</u>
19. Staff Pension		
Opening balance	-	-
Contribution	2,823	2,415
Remittance	<u>(2,823)</u>	<u>(2,415)</u>
Balance carried forward	<u>-</u>	<u>-</u>
20. Share capital		
Authorized:		
Ordinary shares of N1.00 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
Ordinary shares of N1.00 each		
At 1 January	440,000	440,000
Addition during the year	<u>-</u>	<u>-</u>
At 31 December	<u>440,000</u>	<u>440,000</u>
21. Revenue reserve		
At 1 January	268,147	163,119
Transfer from income statement	84,493	153,428
Dividend paid during the year	<u>(52,800)</u>	<u>(48,400)</u>
At 31 December	<u>299,840</u>	<u>268,147</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
22. Revenue and fees		
Fees and commission	4,841	6,105
Interest on deposits and Loans	155,377	99,993
Dividends received	108,469	88,636
Trusteeship fees	37,691	42,399
	<u>306,378</u>	<u>237,133</u>
23. Other income		
Profit on disposal of fixed asset	-	463
Recovery on impairment on loans and advances	19,189	26,666
Exchange gain	1,448	-
	<u>20,637</u>	<u>27,129</u>
24. Management expenses		
Profit sharing	4,145	2,000
Depreciation	2,090	361
Amortisation	7,011	4,048
Advertisement/business promotion	2,871	2,440
Computer expenses	2,853	4,038
Subscriptions and donations	436	723
Rent and rates	1,659	1,200
Bank charges	464	380
Legal, consultancy and professional fees	2,362	2,643
Audit fees	2,500	1,800
Fees as directors	6,553	7,423
Office maintenance expense	6,738	5,599
Vehicle Running Expenses	359	400
Newspapers and periodicals	141	124
Printing and stationery	362	513
Entertainment expenses	43	20
Transport and travelling expenses	120	101
Telephone expenses	442	313
Long service award	-	554
Training expenses	351	301
Meetings expenses	664	480
Insurance & licence expenses	147	6
Office equipment expenses	141	57
End of year /festivity expenses	810	-
	<u>43,262</u>	<u>35,524</u>
25. Supplementary profit or loss information		
The company's profit before taxation for the year is stated after charging/(crediting) the following:		
Profit on disposal of fixed asset	-	(463)
Audit fees	2,500	1,800
Depreciation	2,090	361
Recovery on impairment loss	16,743	26,665
Exchange gain	(1,448)	-
	<u>19,885</u>	<u>28,163</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 ₦'000	2014 ₦'000																					
26. Directors remuneration																							
Directors remuneration was provided as follows:																							
Director's fee	<u>6,553</u>	<u>7,423</u>																					
Fees and other emoluments disclosed include amounts paid to:																							
Chairman	<u>2,680</u>	<u>2,518</u>																					
Highest paid director	<u>1,788</u>	<u>1,788</u>																					
27. Financial charges																							
Interest on borrowings	6,810	34,941																					
Interest on funds in trust	12,349	2,986																					
Annuity interest expense	<u>17,660</u>	<u>-</u>																					
	<u>36,819</u>	<u>37,927</u>																					
28. Net impairment loss on financial assets																							
Net impairment loss on finance lease receivables	58,444	298																					
Impairment loss on commercial loans	24,571	546																					
Impairment on loss on trade and other receivables	355	5,871																					
Impairment loss on fairvalue through profit or loss	<u>21,216</u>	<u>31,900</u>																					
	<u>104,586</u>	<u>38,615</u>																					
29. Personnel expenses																							
Staff salaries and allowance	43,579	41,770																					
Medical expense	568	384																					
Staff pension	<u>1,556</u>	<u>2,415</u>																					
	<u>45,703</u>	<u>44,569</u>																					
29.1 Information regarding employee																							
i) Employees earning more than N100,000 per annum received salaries in the following range:																							
<table border="0"> <thead> <tr> <th style="text-align: center;">N</th> <th style="text-align: center;">N</th> <th style="text-align: center;">Number</th> <th style="text-align: center;">Number</th> </tr> </thead> <tbody> <tr> <td>101,001</td> <td>- 500,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>501,000</td> <td>- 750,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>750,001</td> <td>and above</td> <td style="text-align: center;"><u>7</u></td> <td style="text-align: center;"><u>7</u></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><u>7</u></td> <td style="text-align: center;"><u>7</u></td> </tr> </tbody> </table>	N	N	Number	Number	101,001	- 500,000	-	-	501,000	- 750,000	-	-	750,001	and above	<u>7</u>	<u>7</u>			<u>7</u>	<u>7</u>			
N	N	Number	Number																				
101,001	- 500,000	-	-																				
501,000	- 750,000	-	-																				
750,001	and above	<u>7</u>	<u>7</u>																				
		<u>7</u>	<u>7</u>																				
ii) The average number of full time employees employed by the company during the year was as follows:																							
Management Staff	3	3																					
Non-Management Staff	<u>4</u>	<u>4</u>																					
	<u>7</u>	<u>7</u>																					
30. Dividend																							
The Directors proposed that a dividend of 10 kobo (2014: 12 kobo) per share to be paid to shareholders based on the result of the 2015 year end. The dividend of N44.0 million (2014 : N52.8 million) which is liable to appropriate withholding tax is subject to approval by the shareholders at the Annual General Meeting. Consequently, the dividend has not been included as liability in these financial statements.																							

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 ¥'000	2014 ¥'000
31. Financial instruments		
Credit risk		
Loans and receivables	1,240,674	443,928
Available for sale	85,752	85,752
Held for trading	100,523	121,737
Financial lease receivables	130,421	234,327
Trade and other receivables	57,683	43,282
Cash and cash equivalents	312,208	458,672
	<u>1,927,261</u>	<u>1,387,698</u>
32. Earnings per share		
Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of shares outstanding at the reporting date.		
Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that will be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.		
Net profit attributable to equity holder	<u>84,493</u>	<u>153,427</u>
Weighted average number of ordinary shares	<u>440,000</u>	<u>440,000</u>
Basic and diluted earnings per ordinary shares	<u>19</u>	<u>35</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 ₹'000	2014 ₹'000
33. 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.		
Parent Company		
The Parent Company which is also the ultimate Company is Leadway Assurance Company Limited.		
Transactions and balances with parent Company include:		
Available for sale equity securities (617,565,191 units held (2014 : 617,565,191))	<u>80,995</u>	<u>80,995</u>
Borrowings	<u>455,556</u>	<u>115,103</u>
Other payables	<u>8,498</u>	<u>7,804</u>
Other receivables	<u>-</u>	<u>10,728</u>
Subsidiary and Associates		
The Company has no subsidiary or associate relationships.		
Fellow subsidiaries		
The Company's fellow subsidiaries include: Leadway Hotels and Leadway Properties and Investments Limited.		
Transactions with fellow subsidiaries include:		
Leadway Properties and Investments Limited		
Other receivables	<u>-</u>	<u>15,516</u>
Other payables	<u>(150,000)</u>	<u>-</u>
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 close members of family of key personnel and 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. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Leadway Capital and Trusts.		
Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:		
Mortgages	<u>16,286</u>	<u>18,192</u>
Other receivables	<u>-</u>	<u>-</u>
Key management personnel compensation for the year comprised:		
Fees as directors	<u>6,553</u>	<u>7,423</u>
Other emoluments	<u>2,680</u>	<u>2,518</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER, 2015

	2015 N'000	%	2014 N'000	%
Turnover	306,378		237,133	
Other income	<u>20,637</u>		<u>27,129</u>	
	327,015		264,261	
Bought in material and services - Local	<u>(138,747)</u>		<u>(11,623)</u>	
	<u>188,268</u>	<u>100</u>	<u>252,638</u>	<u>100</u>
Applied as follows:				
To pay employees:				
Salaries, wages and other staff cost	45,703	24	44,568	18
To pay Government:				
Taxation	13,200	7	9,979	4
To pay for borrowed fund:				
Interest on loans and borrowings	36,819	20	37,927	15
Retained in the business:				
Deferred taxation	(1,048)	(1)	2,328	1
Depreciations and amortisation	9,101	5	4,409	2
Profit transferred to reserves	<u>84,493</u>	<u>45</u>	<u>153,427</u>	<u>60</u>
Total value added	<u>188,268</u>	<u>100</u>	<u>252,638</u>	<u>100</u>

LEADWAY CAPITAL AND TRUSTS LIMITED

FINANCIAL SUMMARY

31 DECEMBER 2015

	2015 N'000	2014 N'000	2013 N'000	2012 N'000
Statement of financial position				
Assets employed				
Cash and cash equivalents	312,208	458,672	373,594	656,505
Financial assets				
- Loans and receivables	1,240,674	443,929	544,933	421,214
- Available for sale	85,752	85,752	85,752	85,752
- Held for trading	100,523	121,738	95,530	93,409
Finance lease receivables	130,421	234,327	303,319	272,866
Trade and other receivables	57,683	69,526	82,998	93,042
Sinking fund assets	1,522	1,262	-	-
Intangible assets	7,741	11,519	9,712	13,597
Properties, plant and equipments	7,152	8,616	1,172	1,041
Deferred tax asset	-	-	602	4,356
	<u>1,943,676</u>	<u>1,435,341</u>	<u>1,497,612</u>	<u>1,641,782</u>
Financial liabilities				
Trade and other payables	135,742	158,518	169,121	176,818
Sinking fund liability	1,522	1,262	-	-
Due to parent company	8,498	7,805	7,804	7,804
Fund in trust	436,720	407,458	407,844	414,539
Borrowings	606,556	115,103	255,216	441,546
Tax payable	15,120	35,323	54,508	50,905
Deferred taxation	678	1,726	-	-
	<u>1,203,836</u>	<u>727,195</u>	<u>894,493</u>	<u>1,091,612</u>
Capital and reserves				
Share capital	440,000	440,000	440,000	440,000
Retained earnings	299,840	268,146	163,119	110,170
Total equity	<u>739,840</u>	<u>708,146</u>	<u>603,119</u>	<u>550,170</u>
Total liability and equity	<u>1,943,676</u>	<u>1,435,341</u>	<u>1,497,612</u>	<u>1,641,782</u>
Revenue				
	<u>306,378</u>	<u>237,133</u>	<u>247,083</u>	<u>245,317</u>
Profit before tax	96,645	165,735	123,624	123,624
Profit after tax	84,493	153,428	92,949	78,595
Basic earnings per shares (N)	19	35	21	18