LEADWAY
CAPITAL & TRUSTS LIMITED
RC 268275

The Leap

Leadway Capital & Trusts Annual Accounts & Reports 2021

NOTICE OF THE 18TH ANNUAL GENERAL MEETING OF LEADWAY CAPITAL AND TRUSTS LIMITED

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of **LEADWAY CAPITAL & TRUSTS LIMITED** will convene virtually **via Cisco Webex** on Friday, 25th February, 2022 at 2pm for the following purposes:

Ordinary Business

1. To adopt the reports of the Directors and Auditors, including the Statement of Accounts for the year ended 31st December, 2021.
2. To declare a dividend.
3. To consider and, if thought fit, pass the resolution for the appointment of new auditors to replace the retiring auditors of the Company.
4. To authorize the Directors to fix the Auditor's remuneration.
5. To re-elect Mrs. Fehintola Obatusin who in accordance with Section 285 (1 & 2) of the Companies and Allied Matters Act 2020, retire by rotation, but is eligible and offer herself for re-election.
6. To disclose the Remuneration of Managers.

BY ORDER OF THE BOARD

Olumide Hanson
COMPANY SECRETARY
FRC/2019/NBA/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. In view of the Covid-19 pandemic, 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 Wednesday 23rd February, 2022.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

TABLE OF CONTENTS **PAGE**

CORPORATE INFORMATION

Certificate of Incorporation Number	RC 268275
Date of incorporation	22 March 1995
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
Mr. Ayo Wuraola	Managing Director

Bankers and other professional advisors

Company secretary:	Olumide Hanson
Corporate Office:	121/123 Funso Williams Avenue, Iponri Surulere, Lagos, Nigeria
Auditors:	PKF Professional Services PKF House 205A Ikorodu Road, Obanikoro, Lagos Tel: +234 (0) 9030001351 | 9030001352 www.pkf-ng.com
Bankers:	Citibank Nigeria Limited FBN Bank (UK) Limited First Bank of Nigeria Limited Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Zenith Bank Plc

CHAIRMAN'S STATEMENT – LEADWAY CAPITAL AND TRUSTS LIMITED

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen, it is with utmost delight that I welcome you to the 18th Annual General Meeting of Leadway Capital and Trusts Limited.

THE YEAR 2021 IN RETROSPECT

The increased distribution of vaccines to stem the impact of the Covid-19 pandemic accelerated the expectation for recovery of the global economy. The recovery was further supported by the implementation of fiscal and monetary stimulus packages.

The Global Economic growth in 2021 was 5.5% which was reflective of the International Monetary Fund (IMF) growth projection of Global Economies. The Nigerian economy equally recovered from its recessionary state, caused by the Covid-19 pandemic notwithstanding the various variants of the Covid-19 pandemic.

According to the Nigerian Bureau of Statistics (NBS), the economy grew in 2021 by 3.4% (year on year) which automatically reversed the economic decline occasioned by the recession in 2020. Inflation also saw a steady decline for eight consecutive months in 2021 to end the year at 15.75%.

Despite the positives, the Naira continued its steady slide against the dollar ending the year at NGN435/USD1. However, prices of commodities such as crude oil surged averaging as high as USD70 per barrel in 2021 as against 2020 average price of USD41.96 per barrel.

THE COMPANY

Despite various limiting factors in the year under review, the company was able to activate her Business Continuity Plan to ensure minimum disruption in its hybrid business operations and delivered optimal services to our clients.

The Micro Loan scheme, which accounts for a significant portion of the company’s revenue, experienced an increase despite the challenges occasioned by the limited number of retirees eligible to access the Micro Loan scheme.

The efforts of the company to diversify and ensure a good spread of its business began to yield results with the marginal increase in revenue from the Trusts’ portfolio. The company has intensified its commitment to change the negative narrative and culture associated with WILLS.

FINANCIAL RESULTS

Despite the various initiatives of the Company towards cost optimization and improved diversification of business, the company’s gross earnings declined by 4% from NGN1bn in 2020 to NGN980m in 2021. The reduction was largely due to decline in micro loan income.

Total expenses also decreased by 48% from NGN529.6 million in 2020 to NGN276.7 million during the year under review. This decrease was due to prudent spending, reduced expenses on Micro loans and management expenses.

The company's total Asset slightly declined by 3% from NGN4.02 billion in 2020 to NGN3.88 billion in 2021. This was primarily due to a reduction in clients' trust assets with the company. The company's liabilities also decreased by 22% from NGN2.28 billion in 2020 to NGN1.77 billion in 2021.

DIVIDENDS

In line with the company's culture and commitment to guarantee fair returns on investments, the Board has recommended, subject to the approval of the shareholders, a dividend payment of NGN198, 000,000.00 at 30kobo per share. The dividend will be payable to shareholders on the company's shareholders' register as at 31st of December, 2021 and subject to withholding tax at the prevailing rate.

OUTLOOK AND CONCLUSION

We acknowledge that we are in changing times that necessitate a strategic review for our company to reposition itself to extract value from other innovative channels of business for increased revenue generation. We remain focused on attaining long-term growth, to further strengthen our capital base and solidify the pedestal upon which the initiatives to continuous successes are placed.

The historical profitability feat achieved is a testament to the continuous support and commitment of our customers and stakeholders towards ensuring that the company maintains its goodwill over the years. We are grateful for your trust and confidence in the services we provide and the customer satisfaction we deliver. We rededicate our commitment to deliver efficient service.

My appreciation to the Executive Management and staff for their diligence, dedication and creativity to ensure we remain competitive in our chosen market.

We remain resilient and steadfast in creating unparalleled value to our target market in return for our successful sustainability.

Thank you.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In accordance with the provisions of Sections 377 and 378 of the Companies and Allied Matters Act, 2020, the Directors are responsible 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, 2021 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 International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020

The Directors are of the opinion that the year ended 31 December, 2021 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.

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 Directors:

Oye Hassan-Odukale	**Ayo Wuraola**
Chairman	**Chief Executive Officer**
FRC/2013/IODN/00000001963	**FRC/2013/CISN/00000004036**
Dated: 28 January 2022	**Dated: 28 January 2022**

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

CORPORATE GOVERNANCE REPORT

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, notwithstanding the relatively small size of the operations of 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).

a. COMPOSITION OF DIRECTORS

The Board of Leadway Capital & Trusts Limited comprises a total of five directors as at 31 December 2021. This includes the Chairman, (who is a Non-Executive Director), the Managing 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. The company is in the selection process of including an Independent Non-Executive Director to provide additional creative contribution to the Board through independent outlook and constructive challenge to the executive management.

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 an almost balanced gender diversity on the Board with a female to male proportion of 20% to 80% respectively and deliberately inching towards achieving a 30% gender diversity within Q1 2022 at the Board. Also, the company maintains a 38% to 62% 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 improve 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.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

CORPORATE GOVERNANCE REPORT

Potential candidates are identified by referrals of suitably qualified individuals by 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 plan, operations, and the business environment within which the company operates.

The company has a training policy which requires new directors to undergo a three-day 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 provides 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.

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 trainings/ seminars to enhance their knowledge in the discharge of their duties within the company.

i). Training for Directors on Overview of Trusteeship Business facilitated by Mr. Olutola Mobolurin.

ii) Corporate Governance Training for Directors facilitated by Ernst & Young.

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 every year to assess the performance of the Board, individual directors and assessment of the Corporate Governance Practices.

CORPORATE GOVERNANCE REPORT

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 once every three years by an Independent External Consultant, the next Evaluation will be carried out in 2023. However, the Board is committed to ensure that identified gaps in the previous evaluation are completely remediated within the year 2022.

f. DIRECTORS STANDING FOR RE-ELECTION

In compliance with Section 285 (1) and (2) of the Companies and Allied Matters Act Laws of the Federation of Nigeria 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, Mrs. Fehintola Obatusin is up for retirement and is eligible for re-election. She has offered himself for re-election.

The Board is making the proposed re-election to the Shareholders for approval, having satisfied itself that she is qualified based on the value 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 six (6) 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	**3**	**4**	**5**
Names	**23rd July, 2021**	**29th October, 2021**	**1st December, 2021**
Mr. Oye Hassan-Odukale (Chairman, Non-Executive)	√	√	√
Mr. Ayo Wuraola (Managing Director)	√	√	√
Mr. Tunde Hassan-Odukale (Non-Executive)	√	√	√
Mrs. Fehintola Obatusin (Non-Executive)	√	√	√
Sir. Muftau O. Oyegunle (Non-Executive)	√	√	√

Key:
√ Present

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

CORPORATE GOVERNANCE REPORT

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 two (2) Board Committees; Nomination, Remuneration & Governance Board Committee and Audit & Credit Risk Management Board Committees. However, in view of the relatively small size and operations of the company, the Board has always exercised its oversight responsibilities through the Board without the need to delegate to the Board Committees.

i. CUMMULATIVE YEARS OF SERVICE

a. TENURE OF DIRECTORS

The tenure for the Managing Director and the 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, 2021 is stated below:

Directors	Date of Admission	Years of Service
Mr. Oye Hassan-Odukale (Chairman, Non-Executive)	18th September, 2003	18 years, 3 months
Mr. Ayo Wuraola (Managing)	26th November, 2013	8 years, 1 month
Mr. Tunde Hassan-Odukale (Non-Executive)	18th September, 2003	18 years, 3 months
Mrs. Fehintola Obatusin (Non-Executive)	18th September, 2003	18 years, 3 months
Sir. Muftau O. Oyegunle (Non-Executive)	18th September, 2003	18 years, 3 months

The company is in the process of engaging an independent Non-Executive Director on its Board in order to engineer an independent outlook and oversight on the company's activities and challenge Executive Management. This will guarantee improved value contribution to the company and in line with global best practice.

B. EXTERNAL AUDITOR

PKF Professional Services was appointed as the company's External Auditor in 2012 following the exit of the retiring auditors; Messrs. Olaleye & Co, having spent 9 years as auditors and in compliance with global best practice.

CORPORATE GOVERNANCE REPORT

Upon the completion of the 2021 year-end audit, the 10 year tenure of the PKF Professional Services would have expired in line with the Nigerian Code of Corporate Governance 2018 and best practice.

The Company considered possible replacements 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 would be presented to shareholders at the next Annual General Meeting for approval.

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 has adapted 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.

- **Learning and Development Policy** focuses on the provision of effective and appropriate training and development for all employees to constantly update their knowledge, skills, abilities and attitudes using the 70:20:10 learning framework. It also fosters professional development by catering for subscription and certification with respective globally recognized bodies. Every employee is guaranteed at the minimum 16 hours of training annually.

- **Performance Management Policy** is to establish and maintain a performance culture, creating an enabling environment for employees to develop their abilities and achieve optimal possible potential to ensure a 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 company strategic goals.

- **Recruitment & Selection Policy** seek 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.

CORPORATE GOVERNANCE REPORT

- **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 incentives pay as well as non-monetary rewards, benefits and perquisites.

- **Social Media (Internet Usage) Policy** is to enable employees to participate online in a respectful, relevant way that protects the company's reputation. The policy is intended to protect the business confidentiality, its network, computing resources and information assets.

- **Flexi – Work Policy** aims to encourage flexible working arrangements with the dynamics in the business environment. It recognizes that a better work-life balance can improve employee motivation, productivity, improved competitiveness while reducing staff turnover and ensuring employees fulfil their work requirements as well as other family/personal commitments.

- **Disciplinary Policy** is designed to correct unacceptable conduct or behaviour of employees where there is a breach of any rule, regulation, policy or procedure. The company takes comprehensive approach regarding discipline and will consider all facts before a decision is taken.

- **Grievance Policy** is designed to provide a transparent framework to deal with conflicts that may arise out of employment relationships. This is in alignment with company's desire to provide an environment that is productive, encourages growth and achieves business objectives. The process ensures that all employees are treated in a fair and consistent manner.

- **Expatriate Policy** provides a guide to ensuring standardized management of expatriates within the company, ensuring established need, value delivery, knowledge transfer, optimizing the cost in the engagement of expatriates and consistency in mobility policy.

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.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

CORPORATE GOVERNANCE REPORT

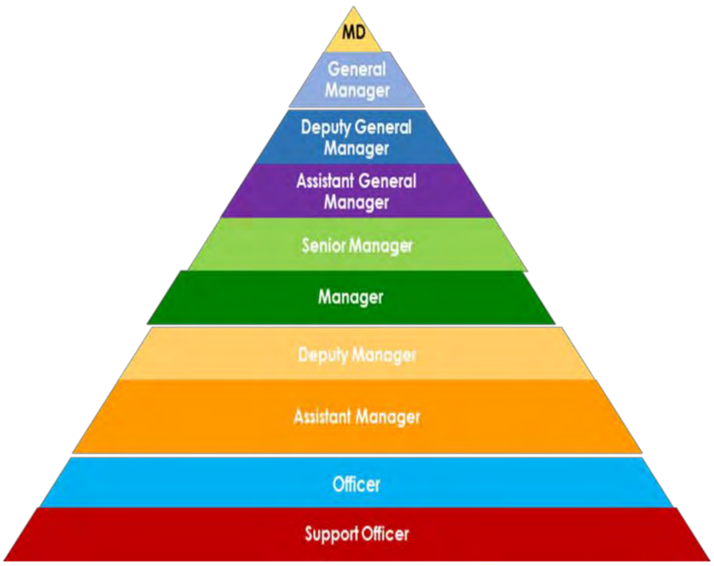
- **Employee Engagement and Support** – The Company recognizes that employee engagement is a key driver of productivity which directly impacts profitability. It has multifaceted initiatives to feel the pulse of the workforce and creating tools and drivers for such engagements that the drive workplace productivity. These include Annual Engagement Surveys, Town Halls and Village Meetings, Open days, Dial in sessions, CSR events 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.

- **Acculturation** – This initiative aims to entrench the company's core values thereby sustaining the right culture among employees in order to drive business performance.

INTERNAL MANAGEMENT STRUCTURE

The internal Management Structure of the company is as reflected below:



I. 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.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

CORPORATE GOVERNANCE REPORT

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

The Board has satisfied itself that there was no breach of any law or regulations and none of the actions of the company translated to a fine or penalty within the year 2021 that requires a disclosure.

n. NATURE OF ANY RELATED PARTY TRANSACTIONS

This has been disclosed in notes 40.

o. DIRECTORS' RENUMERATION POLICY

The Directors' Remuneration policy of Leadway Capital and Trusts Limited was approved in 2020 and shall apply for a period of three (3) years except there is an earlier review to ensure its continued appropriateness on 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 commensurate with the dedication and responsibility of directors.

The remuneration of the Managing Director is fairly competitive and incentivizes the directors to achieve the business plan, in alignment with 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.

CORPORATE GOVERNANCE REPORT

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 80.

q. STATEMENT ON THE COMPANY’S ESG ACTIVITIES

We have initiated the process of incorporating environmental, social, and responsible corporate governance (ESG) processes into our fundamental business operations across the entire value chain. As an employer of labor, we place a high value on how our employees are treated and have put in place appealing framework conditions to encourage employee well-being and drive personal and professional growth.

We have also begun a digitization journey, across all Leadway companies, to actively manage our environment at all of our facilities and gradually target Group-wide carbon-neutrality. We are also working on increasing our products and services while strengthening our corporate governance frameworks, recognizing that the promotion of various projects is critical for the economic and social development.

In collaboration with stakeholders, we will continue to use our financial industry experience and knowledge to promote relevant projects and build a more sustainable and really prosperous society.

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/2019/NBA/00000019064
Company Secretary
121/123 Funsho Williams Avenue, Iponri, Surulere, Lagos.
Dated: **28 January, 2022**

Independent Auditors' Report

To the Shareholders of Leadway Capital and Trusts Limited

Opinion

We have audited the financial statements of Leadway Capital and Trusts Limited, which comprise the statement of financial position at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, 2020.

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the Directors’ Report, Directors' responsibilities for the financial statements 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 and those charged with governance for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, 2020, 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

In accordance with the fifth schedule of the Companies and Allied Matters Act 2020, we confirm that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as it appears from our examination of these books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

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

Dated: 28 January 2022

STATEMENT OF FINANCIAL POSITION
At 31 December
(All amounts are in thousands of Nigerian Naira)

	Notes	2021	2020
Assets			
Cash and cash equivalents	5	**490,359**	518,222
Financial assets at fair value through profit or loss	6	**118,684**	114,757
Loans and advances to customers	7	**2,684,986**	2,710,219
Finance lease receivables	8	**28**	10,933
Investment securities			
- At fair value through other comprehensive income	9	**347,547**	255,764
Trade and other receivables	10	**6,527**	12,878
Deferred tax assets	19	**7,878**	22,266
Sinking fund asset	11	**-**	1,078
Client trust assets	12	**199,519**	334,243
Intangible assets	13	**-**	-
Property and equipment	14	**29,138**	35,798
Total Assets		**3,884,665**	4,016,158
Liabilities			
Trade and other payables	15	**531,147**	487,880
Sinking fund liability	11	**-**	1,078
Client trust liabilities	12	**199,519**	334,243
Current tax liabilities	16	**164,744**	81,598
Fund in Trust	17	**600,880**	814,706
Borrowings	18	**276,894**	563,488
Deferred tax liabilities	19	**-**	-
Total liabilities		**1,773,184**	2,282,993
Equity			
Share capital	20	**660,000**	660,000
Retained earnings and other equity	21	**1,451,481**	1,073,165
Total equity		**2,111,481**	1,733,165
Total liabilities and equity		**3,884,665**	4,016,158

The financial statements were approved and authorised for issue by the Board of Directors on **28 January 2022** and signed on its behalf by:

Oye Hassan-Odukale	Ayo Wuraola	Oluyemisi Rotimi
Chairman	Chief Executive Officer	Chief Finance Officer
FRC/2013/IODN/00000001963	FRC/2013/CISN/00000004036	FRC/2021/001/00000023876

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

STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

(All amounts are in thousands of Nigerian Naira)

	Notes	2021	2020
Revenue	22	**963,353**	1,014,649
Other operating income	23	**16,530**	2,156
Gross Earnings		**979,883**	1,016,805
Net trading gain and foreign exchange income	24	**13,196**	7,083
Net impairment gain/(loss) on financial assets	25	**38,737**	(31,543)
Financial charges	26	**(157,971)**	(298,824)
Employee benefit expenses	27	**(105,006)**	(100,994)
Depreciation and amortisation	28	**(9,451)**	(9,904)
Other operating expenses	29	**(56,232)**	(95,518)
Total Expenses		**(276,728)**	(529,701)
Profit before tax		**703,156**	487,105
Taxation	16	**(159,840)**	(57,485)
Profit after tax for the year		**543,316**	429,620
ATTRIBUTABLE TO EQUITY HOLDER			
Other comprehensive income			
Exchange differences		-	-
Other comprehensive income, net of tax		**-**	**-**
Total comprehensive income for the year		**543,316**	429,620
Basic and diluted earnings per share expressed in Naira	30	**0.82**	0.65

The accompanying notes are an integral part of these financial statements

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021
(All amounts are in thousands of Nigerian Naira)

	Attributable to equity holders		
	Share capital	**Retained earnings**	**Total equity**
For the year ended 31 December 2021			
At 1 January 2020	660,000	808,545	1,468,545
Profit for the year	-	429,620	429,620
Other comprehensive income	-	-	-
Dividend paid during the year	-	(165,000)	(165,000)
Bonus issue			-
At 31 December 2020	660,000	1,073,165	1,733,165
At 1 January 2021	**660,000**	**1,073,165**	**1,733,165**
Profit for the year	-	**543,316**	**543,316**
Other comprehensive income	-	**-**	**-**
Dividend paid during the year	-	**(165,000)**	**(165,000)**
At 31 December 2021	**660,000**	**1,451,480**	**2,111,481**

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

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

	Notes	2021	2020
Cashflow from operating activities			
Profit for the period (after tax)		**543,316**	429,620
Adjustments for:			
Depreciation of property and equipment	14	**9,451**	9,883
Amortisation of intangible assets	13	**-**	21
Impairment on loans and receivables	7	**(36,919)**	23,555
Impairment on trade debtors	10	**-**	(906)
Impairment on leases	8	**(1,818)**	1,286
Net loss arising from derecognition of investments	9	**-**	7,606
Gains on the sales of investment securities	23	**(16,177)**	-
Fair value (gain)/loss through profit or loss	6	**(3,927)**	(3,840)
Income tax expense	16	**145,452**	62,330
Deferred tax charge	19	**14,389**	(4,845)
Finance cost	26	**157,971**	298,824
Interest income	22	**(682,554)**	(742,689)
Net cash generated from income		**129,183**	80,845
Changes in loans and receivables		**62,155**	598,541
Changes in financial assets at FVTPL		**-**	-
Changes in investment securities at FVOCI		**-**	-
Changes in finance lease receivables		**12,722**	(8,938)
Changes in trade and other receivables		**6,350**	(9,438)
Changes in creditors and accruals		**43,267**	180,182
Income tax paid	16	**(62,305)**	(136,874)
Net cash from operating activities		**191,372**	704,318
Cash flows from investing activities			
Acquisition of property and equipment	14	**(2,790)**	(25,239)
Derognition in financial assets at FVOCI		**-**	7,606
Proceeds from disposal of investment securities at FVOCI		**20,309**	-
Addtions to investment securities at FVOCI		**(95,914)**	(140,666)
Interest received	22	**682,554**	742,689
Net cash from investing activities		**604,159**	584,390
Cash flows from financing activities			
Dividends paid	31	**(165,000)**	(165,000)
Borrowings proceeds	18	**-**	300,000
Borrowings repaid	18	**(286,593)**	(1,286,725)
Changes in fund in trust balances		**(213,827)**	(183,863)
Finance cost paid	26	**(157,971)**	(298,824)
Net cash used in financing activities		**(823,391)**	(1,634,412)
Net decrease in cash and cash equivalents		**(27,862)**	(345,704)
Cash and cash equivalents at beginning of the year	5	**518,222**	863,926
Cash and cash equivalents at end of the year	5	**490,359**	518,222

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

1 General Information

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 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 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 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

3.1 Basis of measurement

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

3.3 Use of estimates and judgements

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 are presented fairly.

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 - 32**). 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, 2018 (i) & (ii) and 1 January, 2019 (iii).

(i) IFRS 15: Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

Adoption of this standard does not have any significant impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

(ii) IFRS 9: Financial instruments

Effective 1 January 2018, the Company adopted IFRS 9 - Financial Instruments. Subsequent upon adoption of IFRS 9, the Company's accounting policies were changed in the areas outlined below, and these new policies became applicable from 1 January 2018. As permitted by the transition provisions of IFRS 9, we elected not to restate comparative period results. Accordingly, all comparative period information is presented in accordance with our previous accounting policies, as described in our 2017 Financial Statements. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (1 January 2018) were recognized in opening retained earnings and other components of equity in the current period. New disclosures have been provided for the current period, where applicable, and comparative period disclosures are consistent with those made in the prior year.

a. 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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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:

- Hold-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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

d. Investment securities

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.

e. Loans

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 amortised 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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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 Consolidated 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.

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

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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 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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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 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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

l. Write-off of loans

Loans and the related ACL are written off, either partially or in full, 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.

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.

(iii) IFRS 16 - Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use asset similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Therefore, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

The company has adopted IFRS 16. However, the company does not have lease liabilities in respect of the leased assets to be treated under this new IFRS. The Company made full payment to the lessor; therefore, the leased assets has been reclassified to right of use to be amortised for the entire period of the lease."

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

IFRS 16 supersedes the following Standards and Interpretations:

a) IAS 17 Leases;

b) IFRIC 4 Determining whether an Arrangement contains a Lease;

NOTES TO THE FINANCIAL STATEMENTS
(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, 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.

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. Other fees and commission income including wills fees and trust fees are recognised as the related services are performed.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

3.6 Net trading gain/(loss)

Net trading income and foreign exchange income 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

3.8 Cash and cash equivalents

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.

3.9 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.

3.9.1 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, a finance lease receivable equal to the net investment in the lease should be recorded in the balance sheet. Lease income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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	-	$33^{1}/_{3}\%$
Furniture and fittings	-	20%
Computer hardware	-	25%
Motor vehicles	-	20%
Work in progress	-	Not depreciated

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

3.12 Intangible assets

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 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.

3.13 Funds held in trust

Funds held in trust represent cash deposits 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 applicable International Financial Reporting Standards.

3.14 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.

3.15 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.

NOTES TO THE FINANCIAL STATEMENTS
(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 Group's shareholders.

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 risk management philosophy and culture is to ensure that the process of risk identification, evaluation, control, reporting and monitoring are in our day-to-day operations across all levels. Our Enterprise Risk Management framework was fashioned to uphold a resilient risk management culture and integrate risk considerations into management and decision-making processes, through a risk governance structure across the entire enterprise. 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 departments and units interfacing with the customer represent the first tier in risk management. The management and staff in this group own the responsibility to identify, assess, control, report and monitor the risks in their respective units/departments/sections. The Head of Unit provides the necessary guidance required for risk management function in each of the units.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

2nd Line - Risk Oversight Function
The second line of defense represents the function and committees that co-ordinate and monitor other departments/units in their risk management role by providing the required support, validating the business lines' assessment of risks and trainings. This is led by the Head of Risk & Compliance and reports to executive management on all risk management activities.

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
Our approach to managing both financial and non-financial risk is to first identify Risk. Risks that may impact the achievement of strategy and business objectives need to be identified and assessed using any of the risk identification methods.

Risk Assessment and Evaluation
Events and trends are assessed by impact and likelihood. Both qualitative and quantitative methods examining both positive and negative impact form the basis for our risk classification and rating. Both are measured on the scale of 1 to 5, with 1 being the lowest and 5, the highest. The product of the impact and the probability of an event present us with the level of risk we 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 level respectively. All risk are reported in the risk register and controls are assessed for effectiveness.

Risk Control/Treatment
This relates to our management of identified risks and establishes control and mitigation activities for each respective risk exposure to bring the risk's likelihood and impact within the approved risk tolerance. It also includes the policies, procedures, reporting and initiatives we will perform to ensure that desired risk response is executed at all levels and functions of the company.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

Risk Monitoring
The Risk Champion carries out the monitoring of the KRIs, which shall involve the analysis of trends and correlations between indicators, controls and losses. All exceptions are reported to the Head of Compliance, MD and to the Board in accordance with the predefined escalation procedures.

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 and natural catastrophes.

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.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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 arises from an organization's inability 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.

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 obtains and shares necessary risk information, from both internal and external sources. The employees are also encouraged and guided to identify risks that are both internal and external to the company and all risk information derived will be communicated broadly to enable all stakeholders to deliver on their responsibilities through trainings, business meeting and other relevant means. On monthly and quarterly basis, a section for risk management report is shared to stakeholders.

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
5	**Cash and cash equivalents**		
	Cash in hand	**2**	6
	Cash at bank	**327,363**	103,354
	Short term placements	**162,994**	414,862
		490,359	518,222

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.

6	**Financial assets at fair value through profit or loss**		
	Quoted equity securities:		
	Ordinary shares		
	Balance, 1 January	**114,757**	118,523
	Fair value gains (Note 6a)	**3,927**	3,840
	Less: Derecognition of securities	**-**	(7,606)
		118,684	114,757

(a) The movement in fair value gains/(losses) is as follows:

Balance, 1 January	**85,958**	82,118
Fair value gain in the year	**3,927**	3,840
Balance, 31 December	**89,885**	85,958

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
7	**Loans and advances to customers**		
	Loans:		
	Gross amount	**2,742,788**	2,805,395
	Allowance for credit losses	**(57,803)**	(95,176)
		2,684,986	2,710,219
(a)	Gross amount	**2,742,788**	2,805,395
	Allowance for credit losses:		
	- Impairment loss on stage 1 loans	**(44,522)**	(79,791)
	- Impairment loss on stage 2 loans	**(1,300)**	(1,300)
	- Impairment loss on stage 3 loans	**(11,981)**	(14,085)
	Total provision for credit losses	**(57,803)**	(95,176)
	Carrying amount	**2,684,986**	2,710,219

(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 2021						
Staff loans	**550**	**-**	**-**	**-**	**-**	**550**
Commercial loans	**40,759**	**(581)**	**-**	**(9,328)**	**(9,909)**	**30,850**
Annuity-based loans	**2,648,827**	**(43,900)**	**(1,300)**	**-**	**(45,201)**	**2,603,626**
Mortgage loans	**52,652**	**(41)**	**-**	**(2,652)**	**(2,693)**	**49,959**
	2,742,788	**(44,522)**	**(1,300)**	**(11,981)**	**(57,803)**	**2,684,986**
31 December 2020						
Staff loans	240	-	-	-	-	240
Commercial loans	17,484	(206)	-	(9,781)	(9,987)	7,497
Annuity-based loans	2,753,348	(79,443)	(1,300)	-	(80,743)	2,672,604
Mortgage loans	34,323	(142)	-	(4,304)	(4,446)	29,877
	2,805,394	(79,791)	(1,300)	(14,085)	(95,175)	2,710,219

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

c) Loans to customers by availment

	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
31 December 2021						
Loans and advances to individuals	**2,736,016**	**(44,415)**	**(1,300)**	**(6,173)**	**(51,888)**	**2,684,128**
Loans and advances to corporates	**6,772**	**(107)**	**-**	**(5,808)**	**(5,915)**	**857**
	2,742,788	**(44,522)**	**(1,300)**	**(11,981)**	**(57,803)**	**2,684,986**
31 December 2020						
Loans and advances to individuals	2,798,622	(79,771)	(1,300)	(8,277)	(89,348)	2,709,274
Loans and advances to corporates	6,772	(19)	-	(5,808)	(5,828)	945
	2,805,394	(79,790)	(1,300)	(14,085)	(95,175)	2,710,219

(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 2021	**79,791**	**1,300**	**14,085**	**95,175**
Charge for the year	**(35,269)**	**-**	**(2,104)**	**(37,373)**
At 31 December 2021	**44,522**	**1,300**	**11,981**	**57,802**

	December 2021	December 2020
8 Finance lease receivables		
Gross amount	**30,266**	42,989
Allowance for credit losses	**(30,238)**	(32,056)
	28	10,933
(a) Gross amount	**30,266**	42,989
Allowance for credit losses:		
- Impairment loss on stage 1 advances	**(5)**	(1,823)
- Impairment loss on stage 2 advances	**-**	-
- Impairment loss on stage 3 advances	**(30,233)**	(30,233)
Total provision for credit losses	**(30,238)**	(32,056)
Carrying amount	**28**	10,933

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

(b) Finance lease advances by availment

31 December 2021	**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 ent	**18,622**	**(5)**	**-**	**(18,589)**	**(18,594)**	**28**
	30,266	**(5)**	**-**	**(30,233)**	**(30,238)**	**28**

31 December 2020	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	24,334	(1,818)	-	-	(1,818)	22,516
Loans and advances to corporate ent	18,655	(5)	-	(30,233)	(30,238)	(11,583)
	42,988	(1,823)	-	(30,233)	(32,056)	10,933

(c) The breakdown of gross investment in finance leases is as follows:

	December 2021	December 2020
Current portion (Less than 1 year)	**5**	12,755
Non-current portion (More than 1 year)	**30,233**	30,233
	30,238	42,988

(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 2021	**1,822**	**-**	**30,233**	**32,055**
Charge for the year	**-**	**-**	**-**	**-**
Write back during the year	**(1,818)**	**-**	**-**	**(1,818)**
At '31 December 2021	**5**	**-**	**30,233**	**30,238**

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
9	**Investment securities**		
	- At fair value through other comprehensive income		
	Unquoted equity securities:		
	Ordinary shares		
	At 1 January	**255,764**	122,704
	Additions during the year (Note 9a)	**95,914**	140,667
	Less:Disposal/ Derecognition of asset	**(4,131)**	(7,607)
	At '31 December	**347,547**	255,764

(a) The Company took up additional right issues offer of 47,957,211 ordinary shares of one naira each in Leadway Holdings Limited during the year 2021. The shares were sold at two naira per share (Amount - N95,914,422) and were allotted on 29 April, 2021

		December 2021	December 2020
10	**Trade and other receivables**		
	Trusteeship fees receivables	**4,466**	10,757
	Dividends receivable	**-**	313
	Prepayments	**1,879**	1,879
	Sundry debtors	**182**	1,430
		6,527	14,379
	Less: Impairment (Note 10a)	**-**	(1,501)
		6,527	12,878
10 (a)	The movement in impairment during the year is as follows:		
	Balance, 1 January	**1,501**	2,407
	Addition during the year	**-**	-
	Write back/off during the year	**(1,501)**	(906)
	At '31 December	**-**	1,501
11	**Sinking fund**		
	Sinking fund	**-**	1,078

This is a sinking fund account opened with FSDH Merchant Bank to facilitate the payment to bond holders of C&I Leasing 20/12/2017 Bond.

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
12	**Client trust**		
	Client trust assets and liabilities	**199,519**	334,243

This represents funds held on behalf of the company's clients. The funds are recognised as the company's assets (and associated liabilities) as they meet the general definitions specified in the Conceptual Framework for Financial Reporting (2018). Leadway Capital and Trusts Limited earns custodial fees calculated as a percentage of the fund size at the end of the financial year.

		December 2021	December 2020
13	**Intangible assets - Computer software**		
	Cost		
	At 1 January	**34,324**	34,324
	Additions	**-**	-
	At 31 December	**34,324**	34,324
	Accumulated amortization		
	At 1 January	**34,324**	34,303
	Amortization for the year	**-**	21
	At 31 December 2021	**34,324**	34,324
	Carrying amount		
	At 31 December	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

14 Property and equipment

	Right of use	Equipment	Computer Hardware	Furniture and Fittings	Motor Vehicle	Total
Cost						
At 1 January 2020	14,417	2,576	2,700	8,474	17,490	45,657
Additions	-	-	1,048	193	24,000	25,241
Reclassification/disposal	-	-	-	-	(10,500)	(10,500)
At 1 January 2021	14,417	2,576	3,747	8,667	30,990	60,397
Additions	-	350	2,440	-	-	2,790
At 31 December 2021	**14,417**	**2,926**	**6,187**	**8,667**	**30,990**	**63,187**
Accumulated depreciation and impairment losses						
At 1 January 2020	1,844	2,234	2,108	6,959	12,070	25,215
Disposals	-	-	-	-	(10,500)	(10,500)
Depreciation charge for the year	2,212	255	641	576	6,198	9,883
At 1 January 2021	4,056	2,490	2,750	7,535	7,768	24,598
Depreciation charge for the year	2,212	127	720	193	6,198	9,451
At 31 December 2021	**6,268**	**2,617**	**3,470**	**7,728**	**13,966**	**34,049**
Carrying amount						
At 31 December 2021	**8,149**	**310**	**2,717**	**939**	**17,024**	**29,138**
At 31 December 2020	10,361	86	997	1,132	23,222	35,798

14.1 Right of use represents cost capitalised in respect of Leasehold Improvements and depreciated over its useful life.

15 Trade and other payables

	December 2021	December 2020
Sundry creditors	**415,115**	369,364
Accruals	**116,032**	118,516
	531,147	487,880

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
16	**Current tax liabilities**		
	Balance, 1 January	**81,598**	156,142
	Charge for the year (Excluding Deferred Tax)	**145,451**	62,330
		227,049	218,472
	Payments during the year	**(62,306)**	(136,874)
	Balance, 31 December	**164,744**	81,598
(a)	**Income tax charge**		
	Based on the results for the year:		
	Income tax	**127,553**	53,504
	Education tax	**10,826**	3,931
	Charge for the year	**138,379**	57,435
	Information Technology levy	**7,037**	4,871
	Police Trust Fund Levy	**35**	24
	Deferred taxation charged/(write back)	**14,389**	(4,845)
		159,840	57,485
(b)	**Reconciliation of effective tax rate**		
	Profit for the year before tax	**703,156**	487,105
	Income tax	**127,553**	53,504
	Education tax	**10,826**	3,931
	Information Technology levy	**7,037**	4,871
	Police Trust Fund Levy	**35**	24
	Deferred tax charged/(write back)	**14,389**	(4,845)
	Total income tax expense	**159,840**	57,485
	Profit for the year after income tax expenses	**543,316**	429,620
	Effective tax rate	**29%**	13%

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
17	**Fund in Trust**		
	Fund in Trust	**600,880**	814,706
(a)	Movement of funds held in trust during the year:		
	Opening balance	**814,706**	998,569
	Additions	**207,995**	122,386
	Returned funds	**(421,821)**	(306,249)
	Closing balance	**600,880**	814,706
18	**Borrowings**		
	Leadway Properties and Investment Limited	**19,222**	63,488
	Leadway Asset Management Limited	**257,671**	500,000
		276,893	563,488
(a)	Movement of borrowings during the year:		
	Opening balance	**563,488**	1,550,214
	Additions	**-**	300,000
	Repayments	**(286,595)**	(1,286,726)
	Closing balance	**276,893**	563,488
19	**Deferred tax Asset**		
	Balance, 1 January	**(22,266)**	(17,421)
	Charge during the year	**14,389**	(4,845)
	Balance, 31 December	**(7,878)**	(22,266)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
20	**Share capital**		
20.1	**Authorized:**		
	Ordinary shares of N1.00 each	**1,000,000**	1,000,000
20.2	**Issued and fully paid:**		
	Ordinary shares of N1.00 each	**660,000**	660,000

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

In line with the Company's regulations of 2020 released by the Corporate Affairs Commission in December 2020, a Company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.

		December 2021	December 2020
21	**Retained earnings and other equity**		
	Balance, 1 January	**1,073,165**	808,545
	Dividend paid during the year	**(165,000)**	(165,000)
	Profit for the year	**543,316**	429,620
	Balance, 31 December	**1,451,481**	1,073,165
22	**Revenue**		
	Interest income	**682,554**	742,689
	Investment income	**222,823**	226,218
	Fees and commission income	**28,051**	21,492
	Trusteeship fees	**29,925**	24,250
		963,353	1,014,649
23	**Other operating income**		
	Recovery on impairment of loans and advances	**353**	1,781
	Gain on disposal of fixed assets	**-**	375
	Gain on sale of investment securities	**16,177**	-
		16,530	2,156

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
24	**Net trading gain and foreign exchange income**		
	Fair value gain on investment securities at fair value through profit or loss	**3,927**	3,840
	Foreign currency revaluation gain	**9,269**	3,243
		13,196	7,083
25	**Net impairment loss/(gain) on financial assets**		
	Impairment loss/(gain) on loans to customers	**(36,919)**	23,555
	Impairment loss/(gain) on finance lease receivables	**(1,818)**	1,288
	Impairment loss/(gain) on trade debtors	**-**	(906)
	Net loss arising from derecognition of investment securities	**-**	7,606
		(38,737)	31,543
26	**Financial charges**		
	Bank charges	**530**	4,672
	Trust expense	**-**	311
	Will expenses	**220**	202
	Interest expense on leases	**812**	812
	Interest expense on commercial loans	**3,973**	3,973
	Interest expense on annuity-based loans	**152,437**	288,854
		157,971	298,824

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
27	**Employee benefit expenses**		
	Staff salaries and expenses	**98,526**	91,322
	Staff pension scheme	**3,705**	2,547
	Staff medical allowance	**2,775**	6,975
	Management assistance and staff welfare	**-**	150
		105,006	100,994
	Information regarding employee compensation		
(a)	The number of employees of the Company who received emoluments in the following range were:		
	N300,000 - N2,000,000	**1**	1
	N2,000,000 - N5,000,000	**6**	6
	N5,000,000 - N10,000,000	**2**	2
	N10,000,000 and above (Senior Management Staff and Managing Director)	**3**	4
		12	13
(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**	4
	Non-management Staff	**9**	9
		12	13
(c)	Actual renumeration paid to Management of the Company as at year end is as follows:	**38,054**	71,265
28	**Depreciation and amortisation**		
	Depreciation of property and equipment (Note 14)	**9,451**	9,883
	Amortisation of intangible assets (Note 13)	**-**	21
		9,451	9,904

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

		December 2021	December 2020
29	**Other operating expenses**		
	Directors' fees and remuneration (Note 29a)	**22,888**	34,251
	Auditors' remuneration	**3,725**	3,000
	Fuel, repairs and maintenance	**643**	1,095
	Occupancy and premises maintenance costs	**8,839**	8,028
	Insurance and licence expenses	**2,603**	1,934
	Advertising, promotions and branding	**8,300**	22,449
	Legal and professional fees	**2,894**	3,099
	Donations	**-**	15,000
	Subscriptions	**1,417**	1,067
	Communication	**3,351**	2,796
	Training and human capital development	**834**	2,129
	Entertainment and meeting expenses	**739**	670
		56,232	95,518
(a)	**Directors remuneration**		
	Remuneration paid to the Company's Directors was:		
	Fees and sitting allowances	**22,888**	22,964
	Other emoluments	**-**	11,287
	Fees and other emoluments disclosed above includes amounts paid to:		
	The Chairman	**9,800**	9,800
	The highest paid Director	**9,800**	9,800
30	**Earnings per share**		
	Net profit attributable to equity holders	**543,316**	429,620
	Weighted average number of ordinary shares	**660,000**	660,000
	Basic and diluted earnings per ordinary shares expressed in naira	**0.82**	0.65

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

31 Dividends

The Board of Directors have proposed a dividend of N0.30 per share (2020: N0.25) from the retained earnings account based on the 2021 financial year results. The dividend amount of N198 million (2020: N165 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 2021	December 2020
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:		
The Company took up additional right issues offer of 47,957,211 ordinary shares of one naira each in Leadway Holdings Limited during the year. The shares were sold at two naira per share (Amount - N95,914,422) and were allotted on 29 April, 2021	**263,254**	167,340
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.		
Borrowing transactions:		
Leadway Properties and Investments Limited	**(19,222)**	(63,488)
Leadway Assurance Company Limited	**-**	-
Leadway Holdings Limited	**-**	-
Leadway Asset Management Limited	**(257,671)**	(500,000)

NOTES TO THE FINANCIAL STATEMENTS
(All amounts are in thousands of Nigerian Naira)

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 Limited.

	December 2021	December 2020
Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:		
Mortgages	-	-
Other receivables	-	-
Key management personnel compensation for the year comprised:		
Directors' fees	**22,888**	22,964
Other emoluments	**-**	11,287

33 Impact of COVID 19 on the Company's operation
There was an outbreak of Covid-19 Pandemic that started from Wuhan, China since December 2019. On 11th March 2020, the World Health Organization (WHO) declared the virus a pandemic in recognition of its widespread impact across the world. As a result of this, the Federal Government of Nigeria intensified drive for awareness on safety protocols and ordered lockdown in three States of the Federation (Lagos, Ogun and Federal Capital Territory Abuja) previous year for five weeks. The constraints to business in terms of business operations this financial year ended was less disruptive when compared to the previous year.

The Company activated its BCP (Business Continuity Plan) to ensure there is no distription in business operations.

The Directors have put in place adequate business continuity plans as follows:
1) The Company implemented Flexible work policy
2) The Company also set up the various Covid-19 safety work protocols for in office operations.

In view of the above, the Directors are of the opinion that COVID-19 has no negative impact on the going concern status of the Company.

34 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in thousands of Nigerian Naira)

35 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.

36 Pending 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 2021 (2020 : 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.

37 Comparative figures

Where necessary certain prior year figures have been reclassified to ensure proper disclosure and uniformity with current year presentation for a more meaningful comparison. These reclassifications have no net impact on these financial statements.

APPENDICES TO THE FINANCIAL STATEMENTS

(OTHER NATIONAL DISCLOSURES)

Leadway Capital and Trusts Limited
Financial Statements - 31 December 2021

STATEMENT OF VALUE ADDED

(All amounts are in thousands of Nigerian Naira)

	2021	%	2020	%
Turnover				
- Local	**963,353**		1,014,649	
Other income				
- Local	**16,530**		2,156	
Expenses on materials and services - Local	**(4,300)**		(108,691)	
Value Added	**975,583**	**100**	908,114	100
Applied to pay:				
Employee salaries and wages	**105,006**	11	112,281	12
Government as tax	**145,451**	15	62,330	7
To providers of finance				
Interest on loans and borrowings	**157,971**	16	298,824	33
Retained in the business:				
Depreciation of property and equipment	**9,451**	1	9,883	1
Amortization of intangible assets	**-**	-	21	0
To augment reserves	**543,316**	56	429,620	47
Deferred taxation	**14,389**	1	(4,845)	-
Value Added	**975,583**	**100**	908,114	100