LEADWAY
CAPITAL & TRUSTS LIMITED
RC 268275

Beyond Dreams

Leadway Capital & Trusts
2020 Annual Report

Contents

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
Access Bank Plc
Citibank Nigeria Limited
FBN Bank (UK) Limited
First Bank of Nigeria Limited
Stanbic IBTC Bank Plc
Standard Chartered Bank Nigeria Limited
Zenith Bank Plc

NOTICE OF THE
17TH ANNUAL GENERAL MEETING
OF LEADWAY CAPITAL AND TRUSTS LIMITED

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of LEADWAY CAPITAL & TRUSTS LIMITED will convene virtually via Cisco Webex on Friday, 26th February, 2021 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, 2020.
2. To declare a dividend.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To re-elect Mr. Muftau O. Oyegunle who in accordance with Section 285 (1 & 2) of the Companies and Allied Matters Act 2020, retire by rotation, but is eligible and offer himself for re-election.
5. 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 24th February, 2021.

Olumide Hanson
Company Secretary

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Members of the Board of Directors, Ladies and Gentlemen. It is my honour and due privilege to welcome you all to the 17th Annual General meeting of your company, Leadway Capital and Trusts Limited.

YEAR 2020 IN RETROSPECT

The year 2020 was indeed an unprecedented one; from the oil glut in the first quarter of the year which affected our local economy adversely, to the Covid-19 pandemic that impacted economies globally. The year was indeed a peculiar one for every one.

The year started out with so much optimism for the global economy. However, economic indices quickly experienced a downturn due to oil price war between Russia and Saudi Arabia. This brought about a fall in oil price from $67.91 at the beginning of the year thereby necessitating a revision of budget benchmark to $30 from $57. The collapse of the Oil market significantly had an adverse effect on the Nigerian economy and wiped out potential revenue in the period.

The novel coronavirus also impacted all spheres of life, thus changing our collective way of living and compelled adaptation to the use of face masks and social distancing. These developments grounded economic activities, even as airports became ghost towns and major cities around the world became shadows of their former selves. The world changed before our very eyes. With these drastic changes came drastic measures and with drastic measures came the phrase "new normal".

The country slipped into recession despite the CBN's various interventions to mitigate the impact of the Covid-19 pandemic. Some of which included the apparent devaluation of the naira on the official and I. & E. windows, deregulation of the pump price of petrol, electricity tariffs hike and the re-opening of the land borders.

THE COMPANY

The company adapted to the virtual means of delivering services and thrived despite the impact of the Covid-19 pandemic.

Annuity-Based Loans is still the company's most significant driver of activities. Interest income on these loans account for 73% of the company's revenue.

The highly liquid and low interest rate environment which prevailed in the later months of the year 2020 motivated the issuance of commercial papers, a number of bonds and mutual funds, a few in which your company participates as trustees. This is another step in our efforts to boost income from this business line.

The company also restructured its Will writing products in 2020 and the impact of the changes is expected in 2021.

FINANCIAL RESULTS

Despite the impact of the Covid-19 pandemic on the country and the company's business, the company's gross earnings increased by 11% from

N916.7million in 2019 to N1.017billion in 2020. The increase is attributable to the growth in micro loan income and the investment income by way of dividends respectively.
Total expenses also increased by 17% from N443.7million in 2019 to N529.6million during the period under review. The increase was largely due to annuity-based loan expenses and increase in management expenses.
The company's total assets recorded a 17% decline from N4.85billion in 2019 to N4.01billion in 2020. The drivers of the dip in assets are a reduction in the volume and value of annuity-based loans disbursed during the financial year.

DIVIDENDS

In addition to the company's commitment to re-invest part of its profit in the business, the Board of Directors recommends a dividend payment of N165million, subject to shareholders' approval. This amount translates to 25kobo per share and upon approval, will be payable to shareholders on the company's register as at 31st December, 2020. This payment will be subject to withholding tax at the prevailing rate.

OUTLOOK AND CONCLUSION

In order to diversify the company's business and reduce the concentration risk of the company on its annuity loan scheme, the Board has committed to work with Management to create more awareness on its trust line of business and refocus the products to the target market towards increasing the revenue of the company. An urgent deepening of the company presence in the wealth transfer environment through aggressive marketing and awareness programs will be explored.

Distinguished shareholders, your company has had a steady and profitable growth over the years within its relatively small operations. This has been a story built on conservatism.
We appreciate the trust and confidence our numerous clients reposed in us and would continue to ensure that their needs are met at all times. The immense support from our shareholders is also well appreciated.
Special thanks to our staff who are a collection of talent and creativity for their dedication to navigate through these unusual times to deliver quality service.

The world is currently experiencing a second wave of the pandemic which appears to be deadlier than the first wave. However, we can take solace in the fact that vaccines are being developed in record time. As governments around the world vaccinate their citizens, we can only hope that the worst is now behind us while imploring our shareholders and stakeholders to continue to stay safe.

The times are challenging but we remain resolute to provide the best services and continue with our message to the populace that we are resilient to deliver on our obligations.

Thank you.

DIRECTORS REPORT

The Directors have the pleasure in presenting their annual report on the affairs of Leadway Capital and Trusts Limited ("the Company") together with the audited financial statements and the auditor's report for the year ended 31 December 2020.

LEGAL FORM AND PRINCIPAL ACTIVITY

The company was incorporated as a private limited Liability Company on 22nd March 1995 and commenced operations on 18th September, 2003. The company is involved in Trust services, Wills drafting services, short term finance and equipment leasing.

OPERATING RESULTS FOR THE YEAR

The highlights of the Company's operating results for the year ended 31st December, 2020 (with 2019 comparatives) were as follows:

	2020 (N'000)	2019 (N'000)
Revenue	**1,014,649**	**915,554**
Profit before tax	487,107	473,031
Taxation	(57,485)	(115,014)
Profit after tax	**429,621**	**358,017**
Earnings per share (N)	**0.65**	**0.54**

DIVIDENDS

The dividend declared and paid in 2019 and 2020 were N132million (30kobo per share) and N165million (25kobo per share) respectively.

A cash dividend of 25kobo per share amounting to a total dividend of N165million is to be proposed at the next annual general meeting in respect of the year ended 31 December 2020.

DIRECTORS AND THEIR INTERESTS

The directors who held office, together with their direct and indirect interests in the shares of the company, were as follows:

		(Number of N1.00 ordinary shares held in thousands)			
		Direct	Indirect	Direct	Indirect
		31-Dec-20	31-Dec-20	31-Dec-19	31-Dec-19
Mr. Oye Hassan-Odukale	Chairman, Non-Executive	23,833,330		23,833,330	
Mr. Ayo Wuraola	Managing Director	7,333,330		7,333,330	
Mr. Tunde Hassan-Odukale	Non-Executive Director	19,066,666		19,066,666	
Mrs. Fehintola Obatusin	Non-Executive Director				
Sir. Muftau O. Oyegunle	Non-Executive Director		7,944,441		7,944,441

ANALYSIS OF SHAREHOLDING

The analysis of the distribution of the shares in the company is as follows:

31st December, 2020				
	No. of shareholders	Percentage of shareholders	No. of holdings	Percentage of holdings
Share range				
Above 200,000,000	1	53%	349,769,458	53%
20,000,000 - 200,000,000	3	39%	254,833,329	39%
Below 20,000,000	10	8%	55,397,213	8%
Total	**14**	**100%**	**660,000,000**	**100%**

DONATIONS AND CHARITABLE GIFTS

A total sum of N15,000,000 was donated to non-political and charitable organizations, in its commitment to environmental, social and governance activities.

EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Company has no persons in its employment with physical disabilities.

HEALTH, SAFTEY AND WELFARE OF EMPLOYEES

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

EMPLOYEE INVOLVEMENT AND TRAINING

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

Consequently, employees are sponsored for various training courses both locally and internationally.

DIRECTORS' INTEREST IN CONTRACTS

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

AUDITORS

Messrs. PKF Professional Services having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue on office as auditors to the company in accordance with section 401 (2) of the companies and Allied Matters Act of Nigeria, 2020.

BY THE ORDER OF THE BOARD

Olumide Hanson
FRC/2019/NBA/00000019064
Company Secretary
121/123 Funsho Williams Avenue
Iponri
Lagos.

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 2020. 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 process of populating its Board to include Independent Non-Executive Directors 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. GENDER DIVERSITY

Leadway Capital and Trusts Limited is well abreast with the importance of gender 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 within its lean organization and deliberately inching towards achieving a 30% gender diversity in the year 2021 at the Board. 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. 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.

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.

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, Ernst & Young Consultants have been engaged to carry out the Board Evaluation for the year 2020. This report will detail the extent of the effectiveness of the Board and the process through to achieving a leading position in Corporate Governance. This will also provide an opportunity for the consultant to identify gaps, if any that undermines the effectiveness of the Board. The feedback from the Board evaluation will be discussed with the Board with identified action plan for resolution.

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, Sir. Muftau Oyegunle is up for retirement and is eligible for re-election. He has offered himself for re-election.

The Board is making the proposed re-election to the Shareholders for approval, having satisfied itself that he 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	1	2	3	4	5	6
Names	30th January, 2020	27th February, 2020	28th April, 2020	3rd August, 2020	21st October, 2020	1st December, 2020
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 * Apology

a. 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.

b. 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, 2020 is stated below:

	Directors	Date of Admission	Years of Service
1	Mr. Oye Hassan-Odukale (Chairman, Non-Executive)	18th September, 2003	17 years 3 months
2	Mr. Ayo Wuraola (Managing)	26th November, 2013	7 years, 1 month
3	Mr. Tunde Hassan-Odukale (Non-Executive)	18th September, 2003	17 years 3 months
4	Mrs. Fehintola Obatusin (Non-Executive)	18th September, 2003	17 years 3 months
5	Sir. Muftau O. Oyegunle (Non-Executive)	18th September, 2003	17 years 3 months

The company is in the process of engaging 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.

A. 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. This also complies with the extant Nigerian Code of Corporate Governance 2018 which provided for a maximum of 10 year tenure to External Auditors.

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, PKF was selected and approved by the company's shareholders at the 2012 Annual General Meeting.

The audit partner leading the 2020 financial audit is Ayodeji Sonukan and has held the role for two years. The audit partner is expected to hold the position until the completion of the 2021 year-end audit when the tenure of the PKF Professional Services would have expired in line with the Nigerian Code of Corporate Governance 2018 and best practice.

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.
- 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

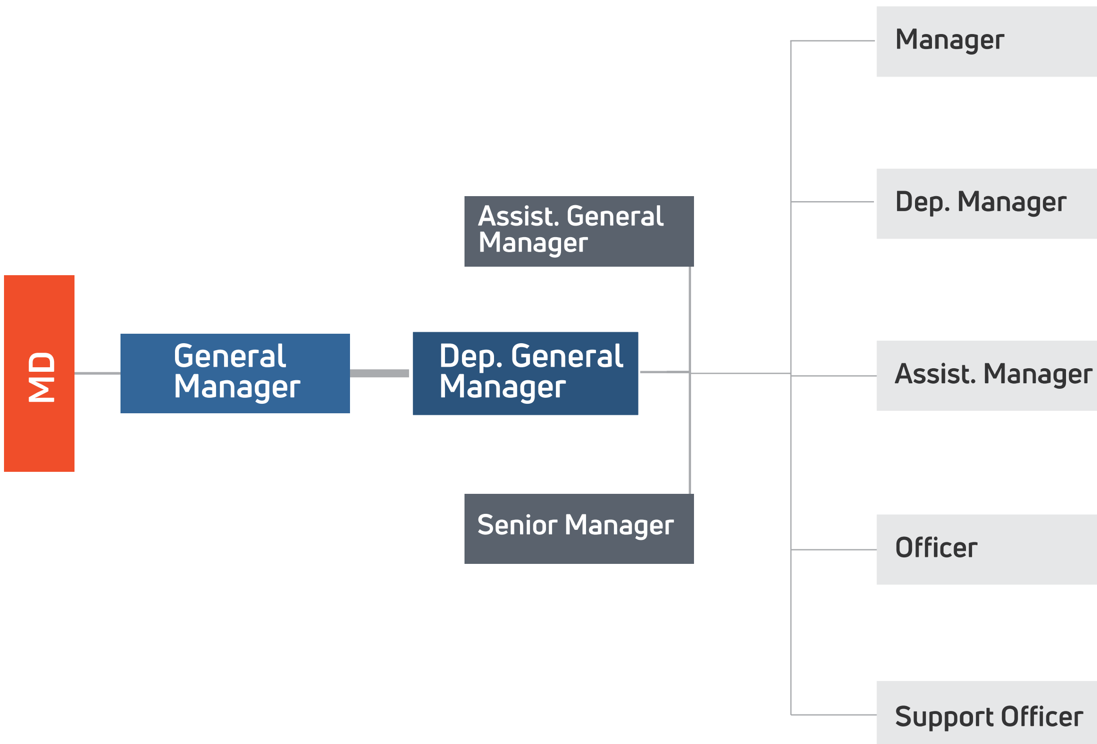
environment. It recognizes that a better work-life balance can improve employee motivation, productivity, improved competitiveness while reducing staff turnover and ensuring employees fulfil their work requirements as well as other family/personal commitments.

- 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.
- **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.



J. HIGHLIGHTS OF CASES OF CLAW BACK

In line with the company's Claw Back policy, the Board has reviewed the company's account and financial performance to ascertain if there has been undeserved award arising from the company's account and financial performance that has been materially false, misstated, misleading, erroneous, or there has been instances of misdemeanour, fraud, material violation of Company policy or material regulatory infractions.
The Board has satisfied itself that there is no incidence necessitating the company to recover excess or undeserved reward, such as bonuses, incentives, share of profits, or any performance-based reward, from Directors and senior employees.

K. 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 2020 that requires a disclosure.

L. NATURE OF ANY RELATED PARTY TRANSACTIONS
This has been disclosed in Note 32.

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

NON-EXECUTIVE DIRECTORS

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

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

J. SUMMARY OF RISK MANAGEMENT FRAMEWORK
The Summary of the Risk Management Framework is contained in the Risk Management disclosures in Note 4.

K. STATEMENT ON THE COMPANY'S ESG ACTIVITIES
The Company is aware of its responsibilities on Environmental, Social and Governance activities and is committed to economic growth and social value creation by supporting internal and external stakeholders as well as the society in which it operates while promoting the education of the present and next generations. The company made its fair cash contribution to some State Governments towards alleviating the impact of the Covid-19 pandemic in 2020.

With the company's commitment on recycling stationeries, measuring print production per staff and going digital end to end, it has ensured a more natural, healthier social environment for its people and stakeholders.

L. STATEMENT ON THE BOARD'S LEVEL OF APPLICATION OF THE CORPORATE GOVERNANCE CODE
The Board of Leadway Capital and Trusts Limited engaged the services of Ernst & Young to evaluate its level of compliance with the Nigerian Code of Corporate Governance 2018 and is confident that the report of the independent consultant will reflect a sufficient compliance with the Corporate Governance Code.

BY ORDER OF THE BOARD

Olumide Hanson
FRC/2019/NBA/00000019064
Company Secretary
121/123 Funso Williams Avenue, Iponri, Lagos
3 February 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, 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, 2020 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, Cap 20 Laws of the Federation of Nigeria 2004.

The Directors are of the opinion that the year ended 31 December, 2020 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
Chairman
FRC/2013/IODN/00000001963

Ayo Wuraola
Chief Executive Officer
FRC/2013/CISN/00000004036

PKF Professional Services

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Independent Auditor`s 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 2020, 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 2020, 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, CAP C20, LFN 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, CAP C20, LFN 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.

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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 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 those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Ayodeji Sonukan.

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

Dated: 29 January 2021

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As at 31 December
(All amounts are in thousands of Nigerian Naira)

	Notes	2020	2019
ASSETS			
Cash and cash equivalents	5	518,222	863,926
Financial assets at fair value through profit or loss	6	114,756	118,523
Loans and advances to customers	7	2,710,219	3,332,315
Finance lease receivables	8	10,933	3,283
Investment securities	9	255,764	122,704
Trade and other receivables	10	10,501	2,535
Deferred tax assets	19	22,266	17,421
Sinking fund asset	11	1,078	469
Client trust assets	12	334,243	371,460
Intangible assets	13	-	21
Property and equipment	14	35,79	20,441
TOTAL ASSETS		4,013,781	4,853,096
LIABILITIES			
Trade and other payables	15	485,501	307,697
Sinking fund liability	11	1,078	469
Client trust liabilities	12	334,243	371,460
Current tax liabilities	16	81,599	156,142
Fund in Trust	17	814,706	998,56
Borrowings	18	563,48	1,550,214
TOTAL LIABILITIES		2,280,614	3,384,551
EQUITY			
Share capital	20	660,000	660,00
Retained earnings and other equity	21	1,073,166	0
TOTAL EQUITY		1,733,166	1,468,545
TOTAL LIABILITIES AND EQUITY		4,013,781	4,853,096

The financial statements were approved by the Board of Directors on 29 January 2021 and signed on its behalf by:

Oye Hassan-Odukale
Chairman
FRC/2013/IODN/00000001963

AyoWuraola
Chief Executive Officer
FRC/2013/CISN/00000004036

Raphael Akomolede
Acting Group Chief Finance Officer
FRC/2013/ICAN/00000001912

The accompanying notes are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December
(All amounts are in thousands of Nigerian Naira)

	Notes	2020	2019
Revenue	22	1,014,649	915,554
Other operating income	23	2,157	1,215
Gross Earnings		1,016,805	916,769
Net trading gain/(loss) and foreign exchange income	24	7,083	(6,165)
Net impairment (loss)/gain on financial assets	25	(31,543)	(34,060)
Financial charges	26	(298,824)	(255,150)
Employee benefit expenses	27	(100,994)	(81,898)
Depreciation and amortisation	28	(9,903)	(8,500)
Other operating expenses	29	(95,518)	(57,966)
Total Expenses		(529,699)	(443,739)
Profit before tax		487,107	473,031
Taxation	16	(57,485)	(115,014)
Profit after tax for the year		429,621	358,017
Other comprehensive income			
Exchange differences		-	-
Revaluation gain		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		429,621	358,01
Basic and diluted earnings per share expressed in Naira	30	0.65	0.54

The accompanying notes are an integral part of these financial

STATEMENT OF FINANCIAL POSITION

As at 31 December
(All amounts are in thousands of Nigerian Naira)

	Attributable to equity holders					
	Share capital	Fair value reserve	Translation reserve	Revaluation reserve	Retained earnings	Total equity
For the year ended 31 December 2020						
At 1 January 2020	660,000	-	-	-	808,545	1,468,545
Profit for the period	-	-	-	-	429,621	429,621
Other comprehensive	-	-	-	-	-	-
income Dividend paid during	-	-	-	-	(165,000)	(165,000)
At 31 December 2020	660,000	-	-	-	1,073,166	1,733,166
At 1 January 2019	440,000	-	-	-	802,528	1,242,528
Profit for the period	-	-	-	-	358,017	358,017
Other comprehensive income	-	-	-	-	-	-
Dividend paid during the period	-	-	-	-	(132,000)	(132,000)
Bonus issue	220,000	-	-	-	(220,000)	-
At 31 December 2019	660,000	-	-	-	808,545	1,468,545

As at 31 December
(All amounts are in thousands of Nigerian Naira)

	Notes	2020	2019
Cashflow from operating activities			
Profit for the period (after tax)		429,621	358,017
Adjustments for:			
Depreciation of property and equipment	14	9,883	5,692
Amortisation of intangible assets	13	21	2,807
Impairment on loans and receivables	7	23,555	34,030
Impairment on trade debtors	10	-	808
Impairment on leases	8	1,288	(1,403)
Net loss arising from derecognition of investments	9	7,607	-
Fair value (gain)/loss through profit or loss	6	(3,840)	32,975
Income tax expense	16	62,331	134,181
Deferred tax charge	19	(4,845)	(19,167)
Finance cost	26	298,824	255,150
Interest income	22	(742,689)	(728,024)
		81,755	75,065
Changes in loans and receivables		598,541	(17,370)
Changes in financial assets at FVTPL		7,607	-
Changes in investment securities at FVOCI		(140,667)	-
Changes in finance lease receivables		(8,938)	9,069
Changes in trade and other receivables		(7,967)	11,804
Changes in creditors and accruals		177,804	(11,034)
Income tax paid	16	(136,874)	(115,974)
Net cash from operating activities		571,261	(48,440)
Cashflows from investing activities			
Acquisition of property and equipment	14	(25,240)	(7,993)
Interest received	22	742,689	728,024
Net cash from investing activities		717,449	684,684
Cashflows from financing activities			
Dividends paid	31	(165,000)	(132,000)
Borrowings proceeds	18	300,000	860,000
Borrowings repaid	18	(1,286,725)	(342,345)
Changes in fund in trust balances		(183,864)	(46,141)
Finance cost paid	26	(298,823)	(255,150)
Net cash (used in)/from financing activities		(1,634,412)	84,364
Net increase/(decrease) in cash and cash equivalents		(345,702)	720,608
Cash and cash equivalents at beginning of the period	5	863,926	143,317
Cash and cash equivalents at end of the year	5	518,222	863,926

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.

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.

(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.

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.

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.

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.

b. 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.

g. Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.
An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information. Expected credit losses are discounted to the reporting period date using the effective interest rate.

h. Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Company's process to assess changes in credit risk is based on the use 'backstop' indicators. Instruments which are more than 30 days past due may be credit impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exceptions:

1. Outstanding obligation is a result of an amount being disputed between the Company and obligor where the dispute is not more than 90 days.
2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2.

The assessments for significant increases in credit risk since initial recognition and credit impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from Stage 3 to Stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.

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

i. Use of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in our expected credit loss models include GDP growth rate, interbank FX rates, inflation rate, crude oil prices and population growth rate.

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

Scenarios are designed to capture a wide range of possible outcomes and weighted according to our best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities. Our assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

j. Definition of default

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

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

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

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

The following are considered as exceptions:

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

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

k. Credit-impaired financial assets (Stage 3)

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

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

i) Declassification of the exposure by the credit risk management system;
ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);
iii) Evidence of full repayment of principal or interest.

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

Transfer from Stage 2 to 1: 90 days Transfer from Stage 3 to 2: 90 days Transfer from Stage 3 to 1: 180 days

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

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

l. Write-off of loans

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

(i) IFRS 16 - Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors like Leadway Capital and Trsust Limited. However, it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

Leadway Capital and Trusts Limited is principally a lessor and as such, is not affected by the accounting standard changes. The Company adopted the standard with the application date of 1 January, 2019.

1.1 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.

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.

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.

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.

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:

3Equipment	-	331/ %
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.

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.

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.

4.0 Risk Management Framework

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

Leadway Capital and Trusts Limited has established a risk management function with clear terms of reference from the Board of Directors and the Executive Management Committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness of internal controls.

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

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.
Financial risks – These are risks associated with the financial operations of the company, including capital management, investments, liquidity and credit.
The Board of Directors approves the company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies.

4.1 Strategic risks

Capital Management Policies, Objectives and Approach
The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the Company:

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

4.1 Strategic risks (Continued)

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

Approach to capital management

- The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers
- The Company's approach to managing capital involves managing assets, liabilities and risks in a

coordinated way, assessing shortfalls between reported and required capital level on a regular basis
- The Company's primary source of capital used is equity shareholders' funds and borrowings There has been no significant changes to the Company's capital structure in recent years.

4.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.
The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.
The primary responsibility for the development and implementation of controls to address operational risk is assigned to the senior management staff within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Training and professional development
- Ethical and business standards

4.3 Financial risks

The Company is primarily exposed to the following financial risk categories:

- Credit risk
- Liquidity risk
- Market risk
- Credit risk

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations. Credit represent a significant part of the overall risk exposure of the Company and is largely represented by the loans and receivables on the books of the Company.

The Company has policies in place to mitigate its credit risks. The credit policy sets out the assessment and determination of what constitutes credit risk. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
The carrying amount of the Company's financial instruments represents the maximum exposure to credit risk.

Liquidity risk
Liquidity risk is the risk that the Company does not have sufficient financial resources to meet maturing obligations or can only access these financial resources at excessive cost. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of cash flows under normal and stress circumstances.

To limit this risk, the Company's management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Company met all its financial commitments and obligations without any liquidity risk issues during the period.

4.3 Financial risks (Continued) Market risks

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The objective of the Company's interest rate risk management is to ensure that earnings are stable and predictable over time. Leadway Capital is exposed to interest rate risk through the interest-bearing assets and liabilities in its books.

Interest rate risk is managed principally through monitoring interest rate gaps. In order to manage changes in interest rates effectively, the Company may modify pricing on new customer loans and deposits. Leadway Capital regularly assesses the viability of these and other strategies to reduce its interest rate risks and implements such strategies when it believes those actions are prudent.

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

		December 2020	December 2019
5	Cash and cash equivalents		
	Cash in hand	6	-
	Cash at bank	103,354	858,188
	Short term placements	414,862	5,737
		518,222	863,926

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

6	Financial assets at fair value through profit or loss		
	Quoted equity securities:		
	Ordinary shares at cost	63,629	63,629
	Fair value gains/(losses) (Note 6a)	85,958	82,118
	Fair value of sold equities (Note 6b)	(27,225)	(27,225)
	Less: Derecognition of securities	(7,607)	-
		114,756	118,523

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

Balance, 1 January	82,118	87,868
Fair value gain/(loss) in the year	3,840	(5,750)
Balance, 31 December	85,958	82,118

(b) Disposal of quoted equity investments

On 17 April 2019, the Company commenced the sale of its quoted equities portfolio as the investments no longer suited its business strategy. The shares sold as at 31 December 2019 had a fair value of N27.2million and the Company made gains of N128,414 after the sales. These gains have been realised in the Income Statement for the year ended 31 December 2019.

		December 2020	December 2019
7	Loans and advances to customers		
	Loans:		
	Gross amount	2,805,394	3,504,769
	Allowance for credit losses	(95,176)	(172,454)
		2,710,219	3,332,315
(a)	Gross amount	2,805,394	3,504,769
	Allowance for credit losses:		
	- Impairment loss on stage 1 loans	(79,791)	(165,129)
	- Impairment loss on stage 2 loans	(1,300)	-
	- Impairment loss on stage 3 loans	(14,085)	(7,325)
	Total provision for credit losses	(95,176)	(172,454)
	Carrying amount	2,710,219	3,332,315

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

(b) Loans to customers by type

31 December 2020	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
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)	(95,176)	2,710,219

31 December 2019	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Staff loans	2,308	-	-	-	-	2,308
Commercial loans	66,013	(1,190)	-	(7,325)	(8,515)	57,498
Annuity-based loans	3,417,338	(163,860)	-	-	(163,860)	3,253,479
Mortgage loans	19,110	(80)	-	-	(80)	19,030
	3,504,769	(165,129)	-	(7,325)	(172,454)	3,332,315

c) Loans to customers by availment

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	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	(79,791)	(1,300)	(14,085)	(95,176)	2,710,219

31 December 2019	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	3,458,345	(164,319)	-	(1,517)	(165,836)	3,292,509
Loans and advances to corporates	46,424	(810)	-	(5,808)	(6,619)	39,805
	3,504,769	(165,129)	-	(7,325)	(172,454)	3,332,315

(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 2020	165,129	-	7,325	172,454
Charge for the year	15,495	1,300	6,760	23,555
Write back during the year	-	-	-	-
Reclassification during the year	(100,833)	-	-	(100,833)
Balance, 31 December 2020	79,791	1,300	14,085	95,176

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

		2020	2019
8	Finance lease receivables		
	Gross amount	42,988	34,051
	Allowance for credit losses	(32,055)	(30,768)
		10,933	3,283

(a)	Gross amount	42,988	34,051
	Allowance for credit losses:		
	- Impairment loss on stage 1 advances	(1,822)	(534)
	- Impairment loss on stage 2 advances	-	-
	- Impairment loss on stage 3 advances	(30,233)	(30,233)
	Total provision for credit losses	(32,055)	(30,768)
	Carrying amount	10,933	3,283

(b) Finance lease advances by availment

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 entities	18,655	(5)	-	(30,233)	(30,238)	(11,583)
	42,988	(1,822)	-	(30,233)	(32,055)	10,933

31 December 2019	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	15,396	(530)	-	(11,611)	(12,141)	3,255
Loans and advances to corporate entities	18,655	(5)	-	(18,622)	(18,627)	28
	34,051	(534)	-	(30,233)	(30,768)	3,283

		December 2020	December 2019
(c)	The breakdown of gross investment in finance leases is as follows:		
	Current portion (Less than 1 year)	12,755	3,817
	Non-current portion (More than 1 year)	30,233	30,233
		42,988	34,051

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

	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, 1 January 2020	534	-	30,233	30,768
Charge for the year	1,288	-	-	1,288
Write back during the year	-	-	-	-
Balance, 31 December 2020	1,822	-	30,233	32,055

		December 2020	December 2019
9	Investment securities		
	- At fair value through other comprehensive income		
	Unquoted equity securities:		
	Ordinary shares at cost	122,704	87,357
	Additions during the year (Note 9a)	133,060	35,972
	Less: Derecognition of asset (Note 9b)	-	(625)
		255,764	122,704

(a) The Company was allotted 35,972,029 ordinary shares of one naira each in Leadway Holdings Limited based on its investment in Leadway Assurance Company Limited. The shares were allotted on May 5, 2019 and recognised as part of the Company's unquoted equity portfolio. Rights issue of 65,683,750 ordinary shares of one naira each was also allotted to Leadway Capital.

The Company took up additional right issues offer of 32,841,875 ordinary shares of one naira each in Leadway Holdings Limited during the year. The shares were sold at two naira per share (Amount - N65,683,750) and were allotted on November 2, 2020.

The Company also took up rights issues offer of 1,692,957 ordinary shares of one naira each in Leadway Asset Management on 29 December, 2020. The shares were recognised as part of the Company's unquoted equity portfolio.

(b)	Derecognition of unquoted equity investment		
	Carrying amount of investment	-	625
	Consideration received upon derecognition	-	-
	Net loss arising from derecognition of investment security measured at FVOCI	-	625

The Company's investment in JDI was derecognised as the investor company's solicitors (CLP Legal) confirmed on 19 March, 2019 that Leadway Capital and Trusts Limited is neither a shareholder nor an investor in JDI Investment Company Limited. The difference between the carrying amount of the investment (N625,000) and consideration received upon derecognition (N0) has been recognised in profit or loss statements in the previous financial year.

10	Trade and other receivables		
	Trusteeship fees receivables	10,757	-
	Dividends receivable	313	313
	Sundry debtors	(947)	3,459
		12,002	4,942
	Less: Impairment (Note 10a)	(1,501)	(2,407)
		10,501	2,535

		December 2020	December 2019
10 (a)	The movement in impairment during the year is as follows:		
	Balance, 1 January	2,407	2,495
	Addition during the year	-	808
	Write back/off during the year	(906)	(896)
	Balance, 31 December	1,501	2,407

11 Sinking fund

Sinking fund	1,078	469

This is a sinking fund account opened with FSDH Merchant Bank to facilitate the payment to bond holders of C&I Leasing 2012/2017 Bond

12 Client trust

Client trust assets and liabilities	334,243	371,460

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.

13 Intangible assets - Computer software

Cost	
At 1 January 2019	34,324
Additions	-
At 1 January 2020	34,324
Additions	-
At 31 December 2020	34,324
Accumulated amortization	
At 1 January 2019	31,496
Amortization for the year	2,807
At 1 January 2020	34,303
Amortization for the year	20
At 31 December 2020	34,324
Carrying amount	
At 31 December 2020	-
At 31 December 2019	21

16 Current tax liabilities

Balance, 1 January	156,142	137,935
Charge for the year (Excluding Deferred Tax)	62,330	134,181
	218,473	272,116
Payments during the year	(136,874)	(115,974)
Balance, 31 December	81,599	156,142

(a) Income tax charge

Based on the results for the year:		
Income tax	53,504	121,251
Education tax	3,931	8,200
Charge for the year	57,435	129,451
Information Technology levy	4,871	4,730
Police Trust Fund Levy	24	-
Deferred taxation	(4,845)	(19,167)
	57,485	115,014

(b) Reconciliation of effective tax rate

Profit for the year after tax	429,621	358,017
Income tax	53,504	121,251
Education tax	3,931	8,200
Information Technology levy	4,871	4,730
Police Trust Fund Levy	24	-
Deferred tax	(4,845)	(19,167)
Total income tax expense	57,485	115,014
Profit for the year excluding total income tax expenses	487,107	473,031
Effective tax rate	12%	24%

17 Fund in Trust

Fund in Trust	814,706	998,569

(a) Movement of funds held in trust during the year:

Opening balance	998,569	1,044,711
Additions	122,386	478,000
Returned funds	(306,249)	(524,142)
Closing balance	814,706	998,569

		December 2020	December 2019
18	Borrowings		
	Leadway Assurance Company Limited	-	757,866
	Leadway Properties and Investment Limited	63,488	107,041
	Leadway Holdings Limited	-	85,307
	Leadway Asset Management Limited	500,000	600,000
		563,488	1,550,214
(a)	Movement of borrowings during the year:		
	Opening balance	1,550,214	1,032,559
	Additions	300,000	860,000
	Repayments	(1,286,726)	(342,345)
	Closing balance	563,488	1,550,214
19	Deferred tax (Asset)/Liability		
	Balance, 1 January	(17,421)	1,746
	Charge during the year	(4,845)	(19,167)
	Write back during the year	-	-
	Balance, 31 December (Asset)/Liability	(22,266)	(17,421)
20	Share capital		
	Authorized:		
	Ordinary shares of N1.00 each	1,000,000	1,000,000
	Issued and fully paid:		
	Ordinary shares of N1.00 each	440,000	440,000
	Bonus issue [1]	220,000	220,000
		660,000	660,000

[1] At the Annual General Meeting held on 15 March, 2019, the shareholders approved the capitalization of N220,000,000 (Two hundred and twenty million naira) out of the Company's Retained Earnings. This was distributed to shareholders by creating additional 1 (One) share for every 2 (Two) shares held by shareholders at the close of business on 31 December, 2018.

		December 2020	December 2019
21	Retained earnings and other equity		
	Balance, 1 January	808,545	802,528
	Dividend paid during the year	(165,000)	(132,000)
	Bonus issue	-	(220,000)
	Profit for the year	429,621	358,017
	Balance, 31 December	1,073,166	808,545

		December 2020	December 2019
22	Revenue		
	Interest income	742,689	728,024
	Investment income	226,218	129,634
	Fees and commission income	21,492	29,754
	Trusteeship fees	24,250	28,142
		1,014,649	915,554
23	Other operating income		
	Recovery on impairment of loans and advances	1,782	1,087
	Gain/(Loss) on disposal of fixed assets	375	-
	Gain/(Loss) on sale of investment securities at fair value through profit or loss	-	128
		2,157	1,215
24	Net trading gain/(loss) and foreign exchange income		
	Fair value gain/(loss) on investment securities at fair value through profit or loss	3,840	(5,750)
	Foreign currency revaluation gain/(loss)	3,244	(415)
		7,083	(6,165)
25	Net impairment loss/(gain) on financial assets		
	Impairment loss/(gain) on loans to customers	23,555	34,030
	Impairment loss/(gain) on finance lease receivables	1,288	(1,403)
	Impairment loss/(gain) on trade debtors	(906)	808
	Net loss arising from derecognition of investment securities	7,607	625
		31,543	34,060
26	Financial charges		
	Bank charges	4,672	2,217
	Trust expense	311	55
	Will expenses	202	7,787
	Interest expense on leases	812	1,934
	Interest expense on commercial loans	3,973	8,222
	Interest expense on annuity-based loans	288,854	234,935
		298,824	255,150

		December 2020	December 2019
27	Employee benefit expenses		
	Staff salaries and expenses	91,322	78,981
	Staff pension scheme	2,547	2,917
	Staff medical allowance	6,975	-
	Management assistance and staff welfare	150	-
		100,994	81,898
	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	2
	N2,000,000 - N5,000,000	6	5
	N5,000,000 - N10,000,000	2	-
	N10,000,000 and above (Senior Management Staff and Managing Director)	4	4
		13	11
(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)	4	4
	Non-management Staff	9	7
		13	11
(c)	Actual remuneration paid to Management Staff (Senior Management Staff and Managing Director)	71,265	68,954
28	Depreciation and amortisation		
	Depreciation of property and equipment (Note 14)	9,883	5,692
	Amortisation of intangible assets (Note 13)	20	2,807
		9,903	8,500

		December 2020	December 2019
29	Other operating expenses		
	Directors' fees and remuneration (Note 29a)	34,251	26,353
	Auditors' remuneration	3,000	3,000
	Fuel, repairs and maintenance Occupancy	1,095	519
	and premises maintenance costs	8,028	8,422
	Insurance and licence expenses	1,934	1,708
	Advertising, promotions and branding	22,449	10,589
	Legal and professional fees	3,099	950
	Donations	15,000	-
	Subscriptions	1,067	951
	Communication	2,796	2,557
	Training and human capital development	2,129	1,798
	Entertainment and meeting expenses	670	1,121
		95,518	57,966
(a)	Directors remuneration		
	Remuneration paid to the Company's Directors was:		
	Fees and sitting allowances	20,359	3,600
	Other emoluments	13,892	22,753
	Fees and other emoluments disclosed above includes amounts paid to:		
	The Chairman	9,800	4,183
	The highest paid Director	9,800	2,847
30	Earnings per share		
	Net profit attributable to equity holders	429,621	358,017
	Weighted average number of ordinary shares	660,000	660,000
	Basic and diluted earnings per ordinary shares expressed in naira	0.65	0.54

31 Dividends

The Board of Directors have proposed a dividend of N0.25 per share (2019: N0.25) from the retained earnings account based on the 2020 financial year results. The dividend amount of N165 million (2019: 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.

	December 2020	December 2019

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.

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:

Available for sale equity securities (134,497,654 units held)	167,340	35,972

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	(63,488)	(107,041)
Leadway Assurance Company Limited	-	(757,866)
Leadway Holdings Limited	-	(85,307)
Leadway Asset Management Limited	(500,000)	(600,000)

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.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the

Mortgages	-	-
Other receivables	-	-

Key management personnel compensation for the year comprised:

Directors' fees	20,359	3,600
Other emoluments	13,892	22,753

APPENDICES TO THE FINANCIAL STATEMENTS

(Other National Disclosures)

	2020	%	2019	%
Turnover				
- Local	1,014,649		915,554	
Other income				
- Local	2,157		1,215	
Expenses on materials and services - Local	(119,978)		(98,191)	
Value Added	896,828	100	818,578	100
Applied to pay:				
Employee salaries and wages	100,994	11	81,898	10
Government as tax	62,330	7	134,181	16
To providers of finance				
Interest on loans and borrowings	298,824	33	255,150	31
Retained in the business:				
Depreciation of property and equipment	9,883	1	5,692	-
Amortization of intangible assets	20	-	2,807	0
To augment reserves	429,621	48	358,017	44
Deferred taxation	(4,845)	(1)	(19,167)	-
Value Added	896,828	100	818,578	100

FIVE YEAR FINANCIAL SUMMARY
(All amounts are in thousands of Nigerian Naira)

	2020	2019	2018	2017	2016
ASSETS					
Cash and cash equivalents	518,222	863,926	143,317	251,000	265,487
Financial assets at fair value through profit or loss	114,756	118,523	151,498	169,125	96,052
Loans and advances to customers	2,710,219	3,332,315	3,348,975	2,676,477	2,256,361
Finance lease receivables	10,933	3,283	10,949	17,378	48,491
Investment securities at fair value through OCI	255,764	122,704	87,357	87,357	85,752
Trade and other receivables	10,501	2,535	15,147	413	11,622
Deferred tax asset	22,266	17,421	-	-	-
Sinking fund asset	1,078	469	1,593	505	1,469
Client trust assets	334,243	371,460	-	-	-
Intangible assets	-	21	2,828	9,425	5,235
Property and equipment	35,799	20,441	18,140	3,487	11,774
TOTAL ASSETS	4,013,781	4,853,096	3,779,804	3,215,168	2,782,243
LIABILITIES					
Trade and other payables	485,501	307,697	318,730	183,138	156,778
Sinking fund liability	1,078	469	1,593	505	1,469
Client trust liabilities	334,243	371,460	-	-	-
Current tax liabilities	81,599	156,142	137,935	108,570	55,602
Due to the parent company	-	-	-	-	802
Fund in Trust	814,706	998,569	1,044,711	1,448,722	937,590
Borrowings	563,488	1,550,214	1,032,559	405,998	746,592
Deferred tax liabilities	-	-	1,746	931	1,111
TOTAL LIABILITIES	2,280,614	3,384,551	2,537,274	2,147,864	1,899,944
EQUITY					
Share capital	660,000	660,000	440,000	440,000	440,000
Retained earnings and other equity	1,073,166	808,545	802,528	627,304	442,299
TOTAL EQUITY	1,733,166	1,468,545	1,242,528	1,067,304	882,299
TOTAL LIABILITIES AND EQUITY	4,013,781	4,853,096	3,779,804	3,215,168	2,782,243
Revenue	1,014,649	915,554	871,191	668,065	498,610
Profit before tax	487,107	473,031	421,315	383,901	240,428
Profit after tax	429,621	358,017	302,332	273,137	186,313
Basic earnings per share (N)	0.65	0.54	0.69	0.62	0.42

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