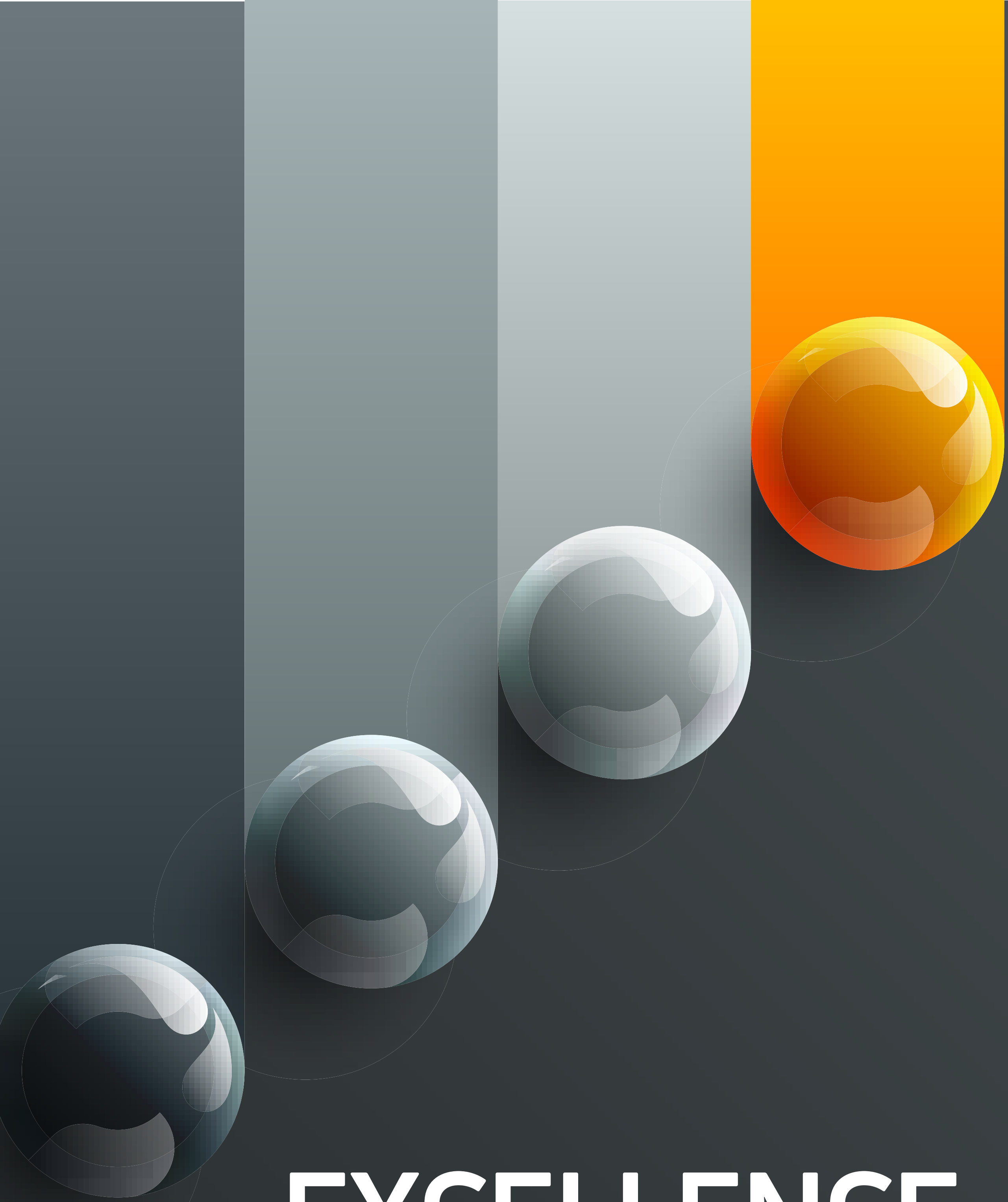

EXCELLENCE

2022 Annual Report & Accounts

LEADWAY

CAPITAL & TRUSTS LIMITED

RC 268275

NOTICE OF THE 19TH ANNUAL GENERAL MEETING OF LEADWAY CAPITAL AND TRUSTS LIMITED

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of **LEADWAY CAPITAL & TRUSTS LIMITED** will convene virtually via Cisco Webex on Friday, 31st March, 2023 at 1pm for the following purposes:

Special Business

1. That in accordance with Section 241 of the Companies and Allied Matters Act, 2020, Shareholders agree to hold the Annual General Meeting called notwithstanding that less than 21 days' notice of meeting has been given.

Ordinary Business

2. To receive and consider the Audited Financial Statements for the year ended 31st December, 2022 and the reports of the Directors and Auditors thereon.
3. To declare a dividend.
4. To appoint Mrs. Tokunbo Ibrahim-Okuribido as Director.
5. To re-elect Mr. Tunde Hassan-Odukale 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.
6. To authorize the Directors to fix the remuneration of the Auditors.
7. To disclose the Remuneration of Managers.

3. To declare a dividend.
4. To appoint Mrs. Tokunbo Ibrahim-Okuribido as Director.
5. To re-elect Mr. Tunde Hassan-Odukale 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.
6. To authorize the Directors to fix the remuneration of the Auditors.
7. 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. 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 29th March, 2023.

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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
Mrs. Tokunbo Okuribido-Ibrahim	Non-Executive Director, Independent (Appointed wef 1st July, 2022)
Mr. Ayo Wuraola	Managing Director

Bankers and other professional advisors

Company secretary:	Olumide Hanson FRC/2019/NBA/00000019064
Corporate Office:	121/123 Funso Williams Avenue, Iponri Surulere, Lagos, Nigeria
Auditor:	KPMG Professional Services KPMG Towers Bishop Aboyade Close Street Victoria Island Tel (01)2718955 Kabir Okunlola (Engagement Partner) FRC/2012/ICAN/00000000428
Bankers:	Citibank Nigeria Limited FBN Bank (UK) Limited First Bank of Nigeria Limited Stanbic IBTC Bank Plc Standard Chartered Bank Nigeria Limited Zenith Bank Plc
TaxTIN number:	02188077-0001

CHAIRMAN'S STATEMENT- LEADWAY CAPITAL AND TRUSTS LIMITED

Dear esteemed Shareholders, Members of the Board of Directors and distinguished Ladies and Gentlemen, I welcome you to the 19th Annual General Meeting of Leadway Capital and Trusts Limited, to present to you our financial statements and reports for the financial year ended 31st December, 2022 and to review the performance of our company during the financial year.

YEAR 2022 IN RETROSPECT

The year 2022 was a remarkable year as it witnessed a notable return to economic growth from the disruptions in 2021 primarily driven by the pandemic and high inflationary pressures.

However, the much anticipated journey to economic redemption was significantly stunted by various events such as the Russia/Ukraine War which created disruptions to international trade and supply chains, lingering increase in prices of goods & services and high cost of living majorly driven by the impact of the war on energy production and supply.

The heightened inflationary pressures persisted throughout the year and impacted the hopes and aspirations of the citizenry with a 5.71% increase in inflation rate from 15.63% as at December 2021 to an alarming 21.34% in December 2022. The Monetary Policy Committee responded to these pressures with a total of 500 basis points rate increase to close the year at 16.5% from an opening rate of 11.5%.

The devaluation of the Naira, introduction of the Naira redesign policy by the Central Bank of Nigeria and the lingering scarcity of the Premium Motor Spirit (PMS) negatively impacted the cost of goods and services as well as the purchasing power of the citizens.

Overall, the Gross Domestic Product (GDP) in 2022 as reported by the Nigerian Bureau of Statistics (NBS) stood at 3.10% representing a 0.3% decline from 3.40% reported in 2021 majorly driven by an improvement in the Services sector and decline in the Agriculture and Industry sector relative to 2021. While the Oil Sector's contribution fell by 1.57% to 5.67%, the Non-Oil Sector comprising Agriculture, Telecommunications, Trade, Manufacturing and Finance & Insurance sectors, grew by 1.57% to 94.33%.

The economic realities were insufficient to distract Nigerians from the commitment to participate in the Presidential and Gubernatorial Elections.

OUR BUSINESS OPERATIONS

In spite of the challenging economic environment in 2022, your company remained steadfast and committed to placing premium on the consistent delivery of quality services to its clients within the trust and credit businesses.

There was a decent growth on our product lines in the year under review primarily driven by group synergy and business referrals. The effort of Management was also intensified to drive the Wills business by exploring new narratives for marketing and communicating our offerings to our clients towards achieving sustainable market penetration amidst the negative narrative and culture associated with the product.

The company's micro loan portfolio also maintained its consistent growth while we recorded significant success in retaining existing clients and onboarding new clients on our Trust business.

It is noteworthy to state that the commitment of the company to diversify and ensure a good spread of its business has begun to yield results and the company remains resolute towards fostering this drive in the coming year towards achieving sustainability and profitability of the company.

OUR FINANCIAL PERFORMANCE

During the period under review, the company's gross earnings grew by 4% from NGN980m in 2021 to NGN1.022bn in 2022. The growth was largely due to an increase in micro loan income.

Total expenses also increased by 13% from NGN328.6m in 2021 to NGN370.2m during the year under review. This increase was due to the spike in premises maintenance cost and business development expenses for new initiatives.

The company's total assets declined by 5% from the restated position of NGN7.03bn in 2021 to NGN6.9bn in 2022. This was primarily due to a reduction in the value of the unquoted equity investments of the company in 2022. The company's liabilities also decreased by 16% from NGN1.77bn in 2021 to NGN1.50bn in 2022.

DIVIDEND

In fulfilment of the assurance of consistent returns on your investments, the Board of Directors hereby recommends a cash dividend of N250million which translates to 25 kobo per ordinary share subject to withholding tax at the prevailing rate and the approval at the Annual General Meeting.

FUTURE OUTLOOK

The World Bank recently projected a decelerated growth of the Nigerian economy of 2.9% in 2023 representing a decline from the 2.5% growth rate projected for 2022 and at variance with the Federal Government's increased growth rate projection of 3.75% for 2023. The International Monetary Fund (IMF) also expects a reduced 3.0% growth rate in 2023 compared to 3.2% projected for 2022.

However, a healthier economic environment with increased economic activities is expected to be driven by the new Federal and respective State governments and we will position ourselves to offer even better services to our markets.

As a flexible and market-sensitive company, we remain resolute in the execution of our business strategy as well as our engagement with stakeholders across the value chain. We remain firmly committed to intensify and amplify our group synergy towards enhancing our business reach and solidifying the successes achieved.

Your company will enhance its digital capabilities towards providing its clients with an improved online presence. We are conscious of the endless possibilities and convenience that technology provides and we will leverage this mindset in offering seamless and user-friendly digital platforms to satisfy our clients' numerous needs.

We will leverage our brand to provide intermediary services founded on trust to eliminate identifiable customer risk within the chain of e-commerce. We are confident that our team of experienced professionals, coupled with our strong corporate governance and risk management frameworks will enable us weather the inevitable storms on the path of achieving our strategic objectives.

DIRECTOR'S APPOINTMENT

In furtherance of the Board's commitment to appoint an Independent Non-Executive Director to provide additional creative contribution to the Board through independent outlook and constructive challenge to the Executive Management, Mrs. Tokunbo Ibrahim-Okuribido, a seasoned Legal Practitioner with years of experience as a Public Affairs Manager, was appointed a Director of the Company.

Mrs. Tokunbo Ibrahim-Okuribido's appointment will be presented to shareholders for ratification during the course of the meeting.

CONCLUSION

I wish to express my sincere appreciation to our shareholders for your outstanding support through the years.

I must also appreciate our loyal customers for standing with us over the years. Thank you for choosing Leadway.

To all the employees, your hard work, loyalty, enthusiasm and perseverance throughout the year will always be rewarded.

Together, through doggedness, strength and brand support, we are confident to achieve our strategic objectives.

Thank you.

Directors Report

The directors have pleasure in presenting their annual report on the affairs of Leadway Capital and Trust Limited financial statements and the auditor's report for the year ended 31 December 2022

Legal form and principal activity

The Company was incorporated in Nigeria as a private limited liability company on 22nd March 1995 and commenced business in 2000.

The Company is principally engaged in the business of providing Trust services, Wills drafting services, short term finance and equipment leasing.

Operating results

The highlights of the Company's operating results for the year ended 31 December 2022 is as follows:

	Company 31-Dec-22 N'000	Company 31-Dec-21 *Restated N'000
Gross Revenue	**797,128**	**764,155**
Profit before tax	**783,713**	**703,156**
Income tax expense	(195,634)	(159,839)
Profit for the year	**588,080**	**543,316**
***Restated Other comprehensive (Loss) / income**	**(481,736)**	**3,420,124**
Total comprehensive income	**106,344**	**3,963,440**
Earnings per share (kobo) - Basic/diluted	**0.11**	**0.82**
Profit attributable to:		
- Owners of the Company	588,080	543,316
- Non controlling Interest	-	-
	588,080	**543,316**
Appropriation of profit attributable to owners of the company		
Transfer to:		
- Fair value reserve -OCI	(481,736)	3,420,124
- Retained earnings	588,080	543,316
	106,344	**3,963,440**

Dividends

b. The dividend declared and paid in 2021 was N198million at 30kobo per share. A dividend of N250million at 25Kobo per share will be proposed at the next annual general meeting in respect of the year ended 31 Dec 2022. This has been disclosed in the financial statements.

Directors and their interest

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

	Direct 31-Dec-22	Indirect 31-Dec-22	Direct 31-Dec-21	Indirect 31-Dec-21
Mr. Oye Hassan-Odukale	36,111,107		23,833,330	-
Mr. Tunde Hassan-Odukale	28,888,889	-	19,066,666	-
Mrs. Fehintola Obatusin	-		-	
Mr. Muftau Oyegunle	-	12,037,032	-	7,944,441
Mrs. Tokunbo Ibrahim-Okuribido*	-	-	-	-
Mr. Ayo Wuraola	11,111,107	-	7,333,330	-

Retirement and appointment of Directors

*The Board of Directors of the company appointed Mrs. Tokunbo Ibrahim-Okuribido as Independent Non-Executive Director effective 1st July, 2022.

Analysis of shareholding

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

	31 December 2022			
	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 200,000,000	2	81%	807,731,514	81%
20,000,001 - 200,000,000	3	14%	137,222,222	14%
Below 20,000,000	9	5%	55,046,264	5%
Total	**14**	**100%**	**1,000,000,000**	**100%**

	31 December 2021			
	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Share range				
Above 200,000,000	1	53%	349,769,458	53%
20,000,001 - 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%**

Shareholders with Substantial Interest in Shares

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

Property and equipment

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

Donations and charitable gifts

There was no donation during the financial year 2022.

Post balance sheet events

Aside from the dividend of N250million.25kobo per share proposed by the Board of Directors (Dec 2021: 30k) there were no other events subsequent to the financial date which require adjustment to, or disclosure in, these financial statements.

Diversity in Employment

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

Employment of disabled persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The 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

Health, safety and welfare of employees

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

In response to the Covid-19 pandemic, several awareness articles on health and safety were published to help employees maintain physical and mental fitness. In addition, contactless thermometers were made available for checking temperatures of all coming into the premises. Hand sanitizers and anti-bacterial wipes were procured and placed in strategic places where they can easily be reached. Physical meetings were discouraged and percentage of workforce allowed to work physically in the office was limited to 60%.

The Group also operates a contributory pension plan in line with the Pension Reform Act, 2014. It is also fully compliant with the provisions of the Employee Compensation Act. Employees are also covered under the Group Personal Accident and Workmen's Compensation Insurance schemes.

Employee involvement and training

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

Directors' interests in contracts

In accordance with sections 302 and 303 of the Companies and Allied Matters Act of Nigeria, 2020, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year (2021: Nil).

Auditors

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

BY ORDER OF THE BOARD

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

24 March, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

In accordance with International Financial Reporting Standards and in the manner required by the provisions of Sections 377 and 378 of the Companies and Allied Matters Act, 2020, the Directors accept responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss for the year ended 31 December, 2022 and in so doing they ensure that:

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020

The Directors are of the opinion that the year ended 31 December, 2022 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 Board of Directors:

Oye Hassan-Odukale
Chairman
FRC/2013/IODN/00000001963
Dated: 24 March, 2023.

Ayo Wuraola
Chief Executive Officer
FRC/2013/CISN/00000004036
Dated: 24 March, 2023.

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 six (6) directors as at 31 December 2022. This includes the Chairman, (who is a Non-Executive Director), the Managing Director, one Independent Non-Executive Director and three other Non-Executive Directors. The members of the Board are reliable, skilled and bring to the Board decades of experience and expertise which positively impact the oversight responsibility of the Board. Their level of expertise has manifested in the strategic direction of the company and continuous high quality of management policies formulated.

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

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

c. DIVERSITY

Leadway Capital and Trusts Limited is well abreast with the importance of diversity to the continuity of the company and this facilitates valuable discuss at the Board level. This better reflects the company's relationship with all of its stakeholders and allows the company to attract and retain its talents, particularly women. The company has its diversity policy and has established a balanced gender diversity on the Board with a female to male proportion of 33% to 67%. Also, the company maintains a 36% to 64% proportion of women to male employees of the company, out of which majority of the Senior Management members are male. The company is committed to improving other dimensions on diversity to reflect global best standard and will reflect its efforts in future disclosures.

d. PROCESS OF BOARD APPOINTMENT

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

CORPORATE GOVERNANCE REPORT

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

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

In the year under review, Mrs. Tokunbo Ibrahim-Okuribido was appointed as Independent Non-Executive Director. She will be presented to shareholders at next Annual General Meeting for approval.

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

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

During the year, the directors of the company attended the following training to enhance their knowledge in the discharge of their duties within the company;

ESG Workshop for Leadway Board of Directors facilitated by PricewaterhouseCoopers (PwC).

e. BOARD EVALUATION

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

This exercise has been previously carried out in 2020 by Ernst & Young and the outcomes reported to the Board and the sectoral regulator. In view of the requirement by the Nigerian Code of Corporate Governance 2018 which provides for Board Evaluation to be facilitated by an Independent External Consultant, the Evaluation for the year 2022 will be facilitated by PricewaterhouseCoopers (PwC).

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

CORPORATE GOVERNANCE REPORT

f. DIRECTORS STANDING FOR RE-ELECTION

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

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

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

g. BOARD RESPONSIBILITY

The Board is saddled with the responsibility of making policies for the company, reviewing corporate performance, monitoring strategic decisions while ensuring regulatory compliance, safeguarding shareholders' interest and fulfilling the expectations of stakeholders. The Board met 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**
Name	**28th January, 2022**	**22nd April, 2022**	**22nd July, 2022**	**25th October, 2022**	**1st December, 2022**
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)	√	√	√	√	√
Mrs. Tokunbo Ibrahim-Okuribido (Non-Executive, Independent)	NYA	NYA	√	√	√

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

h. COMMITTEES OF THE BOARD

The Board committees have been engineered to ensure proper coordination and effectiveness and these committees are saddled with responsibilities which are aimed at enhancing the operations of the company. The company has 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.

CORPORATE GOVERNANCE REPORT

i. CUMMULATIVE YEARS OF SERVICE

a. TENURE OF DIRECTORS

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

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

The cumulative years of service of the company's directors as at 31st December, 2022 is stated below:

Directors			Date of Admission	Years of Service
Mr. Oye Hassan-Odukale (Chairman, Non-Executive)			18th September, 2003	19 years, 3 months
Mr. Ayo Wuraola (Managing)			26th November, 2013	9 years, 1 month
Mr. Tunde Hassan-Odukale (Non-Executive)			18th September, 2003	19 years, 3 months
Mrs. Fehintola Obatusin (Non-Executive)			18th September, 2003	19 years, 3 months
Sir. Muftau O. Oyegunle (Non-Executive)			18th September, 2003	19 years, 3 months
Mrs. Tokunbo Ibrahim-Okuribido (Non-Executive, Independent)			1st July,2022	7 months

B. EXTERNAL AUDITOR

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

The Audit Partner leading the 2022 financial audit is Kabir Okunlola and his role will be rotated after the completion of the 2026 year-end audit in line with the Nigerian Code of Corporate Governance 2018.

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

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

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

CORPORATE GOVERNANCE REPORT

k. HIGHLIGHTS OF HUMAN RESOURCES MANAGEMENT

HR POLICY HIGHLIGHTS

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

As the world heaved a sigh of relief from the Covid-19 pandemic, the workplace globally began to grapple with the increased voluntary attrition and emigration impacted by the economic reality of the world.

The company's evaluation of the situation reflects that external factors accounted for more than 85% of this phenomena. Steps were taken to ensure that the business was hedged from indicative risks exacerbated by this factor and provided varying mitigating measures.

This includes different type of contracts such as shared, remote, exploration of agile alumni for fixed terms and use of contingent workforce as may be applicable. The frequency of the company's graduate trainee program was also revised to increase speed to business and pipelining while employer value proposition was revised and innovation was infused into the onboarding experience in a bid to drive employee retention.

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

The Company has 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.

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

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

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

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

CORPORATE GOVERNANCE REPORT

WORKPLACE INITIATIVES

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

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

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

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

INTERNAL MANAGEMENT STRUCTURE

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

I. HIGHLIGHTS OF CASES OF CLAW BACK

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

CORPORATE GOVERNANCE REPORT

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

m. FINES AND PENALTIES

The Board has satisfied itself that there was no breach of any law or regulations and none of the actions of the company translated to a fine or penalty within the year 2022 that requires a disclosure.

n. NATURE OF ANY RELATED PARTY TRANSACTIONS

This has been disclosed in notes 32.

o. DIRECTORS' RENUMERATION POLICY

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

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

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

KEY ASPECTS OF THE REMUNERATON POLICY OF DIRECTORS

EXECUTIVE DIRECTORS

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

CORPORATE GOVERNANCE REPORT

NON-EXECUTIVE DIRECTORS

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

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

p. SUMMARY OF RISK MANAGEMENT FRAMEWORK

The Summary of the Risk Management Framework is contained in the Risk Management disclosures on page 42 -54.

q. STATEMENT ON THE COMPANY’S ESG ACTIVITIES

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

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

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

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

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

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

BY ORDER OF THE BOARD

Olumide Hanson
FRC/2019/NBA/00000019064
Company Secretary
121/123 Funsho Williams Avenue, Iponri, Surulere, Lagos.
Dated: **24 March, 2023**

28 March 2023

The Chairman
Leadway Capital and Trusts Limited
121/123, Funso Williams Avenue
Iponri, Surulere,
Lagos, Nigeria

Attention: Mr. Oye Hassan-Odukale

Dear Sir,

REPORT ON THE OUTCOME OF THE BOARD AND CORPORATE GOVERNANCE EVALUATION EXERCISE FOR THE PERIOD ENDED 31 DECEMBER 2022

PricewaterhouseCoopers ("PwC") was engaged to carry out an evaluation of the Corporate Governance practices of Leadway Capital and Trusts Limited ("the Company") and an evaluation of the Company's Board of Directors as required by Principles 15.1 and 14.1 of the Nigerian Code of Corporate Governance ("NCCG") 2018 for the period ended 31st December 2022.

Our responsibility was to reach a conclusion on the Corporate Governance practices of the Company and the Board of Director's performance within the scope of our Letter of Engagement dated 21 December 2022.

In carrying out the evaluation, we relied on representations made by members of the Board and Management of the Company, and on the documents provided for our review.

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

The Company and the Board of Directors have complied significantly with the provisions of the Codes. Areas of compliance include oversight over:

- the Board's oversight of financial and non-financial reports; and
- strengthening of the structure of the Board with the addition of an Independent Non-Executive Director.

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

Yours faithfully,

Femi Osinubi
Partner
FRC/2017/ICAN/00000016659
for: PricewaterhouseCoopers Chartered Accountants

PricewaterhouseCoopers Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Leadway Capital and Trusts Limited

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Information other than the Financial Statements and Audit Report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 ,and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books

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

Kabir Okunlola
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
30 March 2023
Lagos, Nigeria

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

	Notes	31st December'2022	31st December'2021 *Restated	1st January '2021 *Restated
Assets				
Cash and cash equivalents	5	**343,347**	490,359	490,359
Investment securities				
- At fair value through other comprehensive income	6c	**3,294,704**	3,767,670	347,547
- At fair value through profit or loss	6a	**83,876**	118,684	118,684
Loans and advances to customers	7	**2,915,762**	2,684,985	2,684,985
Finance lease receivables	8	**-**	28	28
Trade and other receivables	9	**14,363**	6,527	6,527
Convertible Shareholders Loan Note	10(a)	**99,352**	-	-
Deferred tax assets	18	**3,916**	7,878	7,878
Client trust assets	11	**158,248**	199,519	199,519
Intangible assets	12	**-**	-	-
Property and equipment	13	**21,750**	29,138	29,138
Total Assets		**6,935,318**	7,304,789	3,884,665
Liabilities				
Trade and other payables	14	**506,094**	531,147	531,147
Client trust liabilities	11	**158,248**	199,519	199,519
Current tax liabilities	15	**213,090**	164,744	164,744
Fund in Trust	16	**365,724**	600,880	600,880
Borrowings	17	**252,213**	276,893	276,893
Total liabilities		**1,495,368**	1,773,184	1,773,184
Equity				
Share capital	19	**1,000,000**	660,000	660,000
Retained earnings	20	**1,501,561**	1,451,481	1,451,481
Other Reserves	21	**2,938,388**	3,420,124	-
Total equity		**5,439,949**	5,531,605	2,111,481
Total liabilities and equity		**6,935,318**	7,304,789	3,884,665

The financial statements were approved and authorised for issue by the Board of Directors on **24 March 2023** and signed on its behalf by:

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended 31 December

(All amounts are in thousands of Nigerian Naira)

	Notes	1st December'2022	1st January '2021
Interest Income	22	**743,197**	692,129
Other operating income	23	**212,247**	229,778
Interest Expense	26	**(158,315)**	(157,752)
Net Interest Income		**797,128**	**764,155**
Fee and commission income	22(ii)	**66,598**	57,977
Fee and commission expense	26(ii)	**(252)**	(220)
Net Feee and commission income		66,346	57,757
Fair value (loss)/gain on quoted equities	24	**(26,039)**	3,927
Foreign currency exchange gain	24	**18,134**	9,269
Impairment write back on loans and advances	25	**139,820**	38,737
Personnel expenses	27	**(106,568)**	(105,006)
Depreciation and amortisation	28	**(11,657)**	(9,451)
Other operating expenses	29	**(93,451)**	(56,232)
Profit before tax		**783,713**	**703,156**
Income tax expenses	15	**(195,634)**	(159,839)
Profit for the period		**588,080**	543,316
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investment at FVOCI-net change in fair value	**6**	**(481,736)**	**3,420,124**
		(481,736)	**3,420,124**
Other Comprehensive Income, net of tax		**(481,736)**	**3,420,124**
Total comprehensive income		106,344	3,963,440
Basic and diluted earnings per share expressed in Naira		**0.11**	0.82

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022
(All amounts are in thousands of Nigerian Naira)

	Attributable to equity holders			
	Share capital	*Restated Retained earnings	*Restated Other Reserve	Total equity
Balance at 1 January 2021	**660,000**	**1,073,165**	**-**	**1,733,165**
Total Comprehensive Income for the period	**-**	**-**	**-**	-
Profit for the period	-	543,316	-	543,316
Total Comprehensive Income for the period	**-**	**543,316**	**-**	**543,316**
Transactions with the equity holders of the Company				
Contribution and Distributions				
Dividend paid during the year	-	(165,000)	-	(165,000)
Total transactions with the equity holders of the Company	-	(165,000)	-	(165,000)
As previously reported	**660,000**	**1,451,481**	**-**	**2,111,481**
*Restated Other comprehensive income	-	-	3,420,124	3,420,124
At 31 December 2021	**660,000**	**1,451,481**	**3,420,124**	**5,531,605**
At 1 January 2022	**660,000**	**1,451,481**	**3,420,124**	**5,531,605**
Total Comprehensive Income for the period				
Profit for the year	-	**588,080**	**-**	**588,080**
Other comprehensive income	-	**-**	**(481,736)**	**(481,736)**
Total Comprehensive Income for the period	-	**588,080**	**(481,736)**	**106,344**
Transactions with the equity holders of the Company				
Contribution and Distributions				
Bonus issue	340,000	**(340,000)**	**-**	**-**
Dividend paid during the year	-	**(198,000)**	**-**	**(198,000)**
Total transactions with the equity holders of the Company	**340,000**	**(538,000)**	**-**	**(198,000)**
At 31 December 2022	**1,000,000**	**1,501,561**	**2,938,388**	**5,439,949**

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

	Notes	2022	2021
			*Restated
Cashflow from operating activities			
Profit for the period (after tax)		**588,080**	543,316
Adjustments for:			
Depreciation of property and equipment	13	**11,657**	9,452
Impairment write backs on loans	25	**(139,848)**	(36,919)
Impairment on leases	25	**28**	(1,818)
Gains on the sales of investment securities	23	**-**	(16,177)
Fair value (loss)/gains on investment securities	6a,c	**26,039**	(3,927)
Income tax expense	15	**195,634**	159,839
Finance cost	26	**158,567**	157,971
Interest income	22	**(731,925)**	(682,554)
		108,231	129,184
Changes in loans and advances to customers	7e	**(90,928)**	62,153
Changes in finance lease receivables		**-**	12,722
Changes in trade and other receivables	9c	**(7,835)**	6,349
Changes in Convertible Shareholders Loan Note	10b	**(99,352)**	-
Changes in trade and other payables		**(25,053)**	43,266
Income tax paid	15a	**(143,327)**	(62,306)
Net cash (used in)/generated from operating activities		**(258,264)**	**191,368**
Cash flows from investing activities			
Acquisition of property and equipment	13	**(4,270)**	(2,790)
Proceeds from disposal of investment securities at FVOCI	6d	**-**	20,309
Additions to investment securities at FVOCI	6c.	**-**	(95,914)
Interest received	22	**731,925**	682,554
Net cash from investing activities		**727,655**	**604,159**
Cash flows from financing activities			
Dividends paid	20	**(198,000)**	(165,000)
Borrowings repaid	16c	**(24,680)**	(286,593)
Changes in fund in trust- Additions	16b	**59,984**	207,995
Changes in fund in trust-Withdrawals	16b	**(295,140)**	(421,821)
Finance cost	26	**(158,567)**	(157,971)
Net cash used in financing activities		**(616,403)**	**(823,390)**
Net decrease in cash and cash equivalents		**(147,011)**	(27,863)
Cash and cash equivalents at beginning of the year	5	**490,359**	518,222
Cash and cash equivalents at end of the year	5	**343,347**	490,359

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

1 Reporting Entity

Leadway Capital and Trusts Limited ("Leadway Capital" or the Company) is a company incorporated and domiciled in Nigeria. The address of its registered office is 121/123 Funso Williams Avenue, Iponri, Surulere, Lagos. The Company was incorporated under Companies and Allied Matters Acts ,2020 as a private limited liability company on 22 March, 1995.

The Company is principally engaged in the business of providing trust management, investment management and related financial services to its customers. Such services include the provision of loans and advances to corporate and individual customers.

2 Statement of compliance

These financial statements have been prepared in accordance with 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

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

3.1 Basis of preparation

These financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for the following:
- Financial assets measured at fair value through profit or loss.
- Financial instruments measured at fair value through other comprehensive income.

3.2 Functional and presentation currency

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

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.This is applicable to notes no 6,7,8 and 9.

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

3.4 Changes in accounting policy, amendments and disclosures

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

The Company has adopted the following new standards with initial date of application of 1 January, 2018 (i) & (ii) and 1 January, 2019 (iii),1 January,2021 (iv), 1 January,2022 (vi) and (vii).

(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

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

ai Initial measurement of financial instruments

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

aii Financial assets: subsequent measurement

Financial asset classification and measurement is an area where many changes have been introduced by IFRS 9. Consistent with IAS 39, the classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified. Subsequent to initial recognition, all assets within the scope of IFRS 9 are measured at: • amortised cost; • fair value through other comprehensive income (FVTOCI); or • fair value through profit or loss (FVTPL). The FVTOCI classification is mandatory for certain debt instrument assets unless the option to FVTPL ('the fair value option') is taken.
Whilst for equity investments, the FVTOCI classification is an election. The requirements for reclassifying gains or losses recognised in other comprehensive income (OCI) are different for debt and equity investments. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognised directly in profit or loss. The difference between cumulative fair value gains or losses and the cumulative amounts recognised in profi or loss is recognised in OCI until derecognition, when the amounts in OCI are reclassified to profit or loss.

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

aiii Classification and measurement of financial assets

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

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

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

b. Business model assessment

The Company determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the its business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:
- How the economic activities of our businesses generate benefits and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

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

- 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.

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i **Derecognition of Financial Instruments**

Dercognition of financial assets

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

Dercognition of financial liabilities

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

d. Investment securities

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

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

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

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

(ii) **Investment in unquoted equities**

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

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

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

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e. Loans and advances

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at 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.

f. Allowance for credit losses

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

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

1) Performing financial assets:

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

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

• 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.

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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.

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i. Use of forward-looking information (Cont'd)

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

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k. Credit-impaired financial assets (Stage 3) - (Cont'd)

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.

(iii) IFRS 16 - Leases

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

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

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

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

IFRS 16 supersedes the following Standards and Interpretations:
a) IAS 17 Leases;
b) IFRIC 4 Determining whether an Arrangement contains a Lease;

Amendment to IFRS 16(Leases) -Covid-19 Rent Related Concessions. Effective 1 January,2022.

The IASB issued amendments to IFRS 16 in May 2020 to address the impact of rent concessions received as a direct result of COVID-19. The amendment applies only to lessees and not to lessors. It allows lessees to account for COVID-19 related rent concessions as variable lease payments instead of as a lease modification affecting the asset. The variable lease payment is to be recognised through the income statement in the period in which the event or condition that triggers those payments occurs. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. This standard is not expected to have a significant impact on the financial statements.

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iv **IFRS 7 'Interest Rate Benchmark reform'.Effective 1 January,2021.**

This amendment, issued in September 2019, seeks to address uncertainties related to the market-wide reform of interbank offered rates (IBOR reform). The amendment which is split into 2 phases, focuses on IFRS 9 Financial Instruments; IAS 39 Financial Instruments: Recognition and Measurement; IFRS 7 Financial Instruments: Disclosures; IFRS 4 Insurance Contracts and IFRS 16 Leases. Phase 1 addresses issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark while phase 2 focuses on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. There was no impact on the financial statements.

v **Amendment to IAS 16 proceeds before intended use. Effective 1 January,2022.**

It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The impact of the adoption of this amendment on the Group is being assessed

vi **Amendments to IAS 1 and IFRS Practice Statement 2 (Disclosure of Accounting Policies).Earlier Application 1 Jan.2023**

The amendments were issued to assist companies in determining which accounting policies to disclose. IAS 1 was amended in the following ways:

1. Companies are now required to disclose its material accounting policy information instead of its significant accounting policies. Several paragraphs are included to explain how a company can identify material accounting policy information
2. the amendment clarifies that accounting policy may be material;

i. because of its nature, even if the related amounts are immaterial

ii. if users of an entity's financial statements would need it to understand other material information in the financial statements

3. the amendment also clarifies that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1

The amendments are applied prospectively, earlier application is permitted. The impact of the adoption of this amendment on the Company is being assessed.

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

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

how companies decide whether a change in valuation technique or a change in estimation technique is a change in an accounting estimate. The impact of the adoption of this amendment on the Group is being assessed.

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3.5 Revenue recognition

3.5.1 Interest income

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

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

3.5.2 Investment income

Investment income comprise interest income earned on short term deposits, rental income, dividends, rent receivable, movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value assets. It is accounted for on accrual basis.
Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of investment income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.5.3 Fees and commission income

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

3.6 Net trading gain/(loss)

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

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3.7 Income tax

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

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

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

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

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

3.8 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.

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3.9.1 As Lessor

The IASB issued amendments to IFRS 16 in May 2020 to address the impact of rent concessions received as a direct result of COVID-19. The amendment applies only to lessees and not to lessors. It allows lessees to account for COVID-19 related rent concessions as variable lease payments instead of as a lease modification affecting the asset. The variable lease payment is to be recognised through the income statement in the period in which the event or condition that triggers those payments occurs. The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings.

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.

IFRS 9, Financial instruments, issued by the IASB in July, 2014, fully replaced IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces new rules for forward-looking impairment model for debt instrument and provides new rules for hedge accounting.

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3.11 Property and equipment

3.11.1 Recognition and measurement

IAS 16 PPE amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The impact of the adoption of this amendment on the company is being assessed.

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

3.11.2 Subsequent costs

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

3.11.3 Depreciation

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

Equipment	-	$33^1/_3$%
Furniture and fittings	-	20%
Computer hardware	-	25%
Motor vehicles	-	20%
Work in progress	-	Not depreciated
Leasehold Improvement	-	20%

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

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3.11.4 De-recognition

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

3.12 Intangible assets

3.12.1 Intangible assets acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.12.2 De-recognition of Intangible Assets

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

3.13 Funds held in trust

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

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.

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3.15.2 Dividend on ordinary shares

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

3.16 Earnings per share

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. Risk Management Framework

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

1st Line – Risk Ownership & Management
The Board, management and line managers: It involves a broad setting of strategy, performance measurement, establishment and maintenance of internal control and risk management in the business. The management and staff in this group own the responsibility to identify, assess, control, report and monitor the risks in their respective units/departments, thereby ensuring an informed risk and reward balance.

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2nd Line - Risk Oversight Function
The risk management function provides oversight and independent reporting to executive management, implements risk management policies in the business units, approves risk-specific mandates and provides an independent overview of the effectiveness of risk management by the first line of defence. Other internal stakeholders in the role include the Compliance and Legal services and Internal Control.

3rd Line – Assurance Function
The Internal Audit and External Audit constitute the third line of defense responsible for assessing the company's risk management, risk governance and internal control practices; and providing independent assurance to the management and Board of their adequacy, effectiveness and appropriateness. It seeks to identify any weakness in the first and second lines of defense and also monitors the compliance of business units and ancillary sections with the company's risk management policies and procedures.

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

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

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

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Risk Limits and Monitoring

Risk limits are needed in all areas of the company's activities that involve risk-taking. These limits help to ensure that the exposures taken by Leadway capital and trust remain within a predetermined and these exposures are monitored by the ERM team and breaches are reported to the respective committees. The Key Risk Indicators (KRIs) methodology is one of the ways to monitor risk exposures, they provide management with early warning indicators of changing conditions that increase the likelihood of risk occurrence; thus enabling management to put in place measures to reduce the likelihood and/or mitigate the impact of risk.

Risk Categorization

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

Fiduciary risk

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

Operational risk

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

Liquidity risk

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

Counterparty credit risk

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

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

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

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

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

Reporting
Enterprise risk management reporting system will provide the executive reporting of enterprise-wide risks, along with drill down capabilities so that all key risks can be monitored simultaneously. The ERM reporting system will include the following attributes:
1. To provide a single point of access to all critical risk information that arises from various risk streams and business units across the company.
2. Timely delivery of accurate risk information to the top management.
3. Integration of quantitative KRIs, qualitative risk assessments, policy documents, and external market data.

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

Financial Risk Management

(a) Introduction and overview

The Company's activities expose it to a variety of financial risks: market risk (including interest rate), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimize potential adverse effects on the Company's financial performance.

This note presents information about Leadway Capital and Trust's exposure to each of the above risks, objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

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

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

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

Risk appetite

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

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

(b) Credit risk

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

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

In thousands of naira	**Note**	**31-Dec-22**	**31-Dec-21**
Impairment (writeback)/ charge on loans and advances	8 e	(49,054)	(88,042)
		(49,054)	**(88,042)**

Management of credit risk

(a) Cash and cash equivalents

The Company held cash and cash equivalents of N343.3 million as at 31 December 2022 (2021: N490.4 million). The cash and cash equivalents have maturity profile of less than 3 months and are held with local banks and financial institution counterparties, which are assessed to have good credit ratings like S&P, Fitch and GCR rating agencies, both in the long term and short term respectively.

(b) Loans and advances to customers

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

(i) Credit risk exposure

31-Dec-22

In thousands of naira	**Note**	**Cash and cash equivalents**	**Investment Securities**	**Loans and advances**	**Other assets***	**Total**
Carrying amount	5,6,7,8,9,10	343,347	3,378,580	2,915,762	113,714	6,751,403
Analysed into:						
Neither past due nor impaired/Stage 1						
Gross amount	5,6,7,8,9,10	343,347	3,378,580	2,926,301	113,714	6,761,942
Allowance for impairment	5,6,7,8,9,10	-	-	(10,540)	-	(10,540)
Carrying amount		343,347	3,378,580	2,915,762	113,714	6,751,403

31-Dec-21

In thousands of naira	**Note**	**Cash and cash equivalents**	**Investment Securities**	**Loans and advances**	**Other assets***	**Total**
Past due not impaired/ Stage 2						
Gross amount	7,8	-	-	-	-	-
Allowance for impairment	7,8	-	-	-	-	-
Carrying amount		-	-	-	-	-
Individually impaired/Stage 3						
Gross amount	7,8	-	-	38,514	-	38,514
Allowance for impairment	7,8	-	-	(38,514)	-	(38,514)
Carrying amount		-	-	-	-	-
Total carrying amount		343,347	3,378,580	2,915,762	113,714	6,751,403

(i) Credit risk exposure (Cont'd)

31-Dec-21

In thousands of naira	**Note**	**Cash and cash equivalents**	**Investment Securities**	**Loans and advances**	**Other assets***	**Total**
Carrying amount	5,6,7,8,9,10	490,359	466,231	2,685,013	6,527	3,648,130
Analysed into:						
Neither past due nor impaired/Stage 1						
Gross amount	5,6,7,8,9,10	490,359	466,231	-	6,527	**963,117**
Allowance for impairment	5,6,7,8,9,10	-	-	(44,494)	-	**(44,494)**
Carrying amount		**490,359**	**466,231**	**(44,494)**	**6,527**	**918,623**
Past due not impaired/ Stage 2						
Gross amount	7,8	-	-	-	-	**-**
Allowance for impairment	7,8	-	-	(1,300)	-	**(1,300)**
Carrying amount		**-**	**-**	**(1,300)**	**-**	**(1,300)**
Individually impaired/Stage 3						
Gross amount	7,8	-	-	42,219	-	**42,219**
Allowance for impairment	7,8	-	-	(42,219)	-	**(42,219)**
Carrying amount		**-**	**-**	**-**	**-**	**-**
Total carrying amount		490,359	466,231	(45,794)	6,527	917,324

Concentrations of credit risk

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

31-Dec-22

In thousands of naira	**Note**	**Public Sector**	**Private Sector**	**Total**
Gross Loans	7b	-	2,964,815	**2,964,815**
Impairment allowance:				**-**
ECL Impairment	7b	-	(49,053)	**(49,053)**
Net Loans		**-**	**2,915,762**	**2,915,762**

As at 31 December 2021, the exposure to credit risk for loans by sector was as follows:

31-Dec-21

In thousands of naira	**Note**	**Public Sector**	**Private Sector**	**Total**
Gross Loans	7,8	-	2,773,054	**2,773,054**
Impairment allowance:				
ECL Impairment	7,8	-	(88,037)	**(88,037)**
Net Loans		**-**	**2,685,017**	**2,685,017**

(c) Liquidity risk

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

Management of liquidity risk

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

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

Liquidity risk profile

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

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

Liquidity gap analysis

31 December 2022

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	343,347	343,347	343,347	-	-	-
Investment securities							
At fair value through OCI	6	3,294,704	3,294,704	-	-	-	3,294,704
At fair value through profit or loss	6	83,876	83,876	83,876	-	-	-
Loans and advances to customers	7	2,915,762	3,837,375	570,139	572,024	1,184,397	1,510,815
Finance lease receivables	8	-	30,266	-	-		30,266
Trade and other receivables	9	14,363	14,363	-	-	14,363	
Convertible Shareholder Loan Notes	10 (a)	99,352	197,051	-	9,853	9,853	177,346
Client Trust Assets	11	158,248	158,248	158,248			
Total financial assets		6,909,651	7,959,230	1,155,609	581,877	1,208,613	5,013,131
Financial liabilities							
Trade and other payables	14	506,094	506,094	-	-	506,094	-
Client trust liabilities	11	158,248	158,248	158,248	-	-	-
Fund in trust	16	365,724	514,939	424,503	90,435	-	-
Borrowings	17	252,213	273,650	273,650	-	-	-
Total financial liabilities		1,282,279	1,452,931	856,401	90,435	506,094	-
Liquidity gap			6,506,299	299,208	491,442	702,519	5,013,131
Cumulative liquidity gap			**6,506,299**	**299,208**	**790,650**	**1,493,168**	**6,506,299**

Liquidity gap analysis - (Cont'd)
31 December 2021

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	490,359	493,670	493,670	-	-	-
Investment securities							
At fair value through OCI	6	347,547	347,547	-	-	-	347,547
At fair value through profit or loss	6	118,684	118,684	118,684	-	-	-
Loans and advances to customers	7	2,685,013	3,502,251	584,977	576,629	1,170,065	1,170,580
Finance lease receivables	8	28	30,266	-	-	-	30,266
Trade and other receivables	9	6,527	6,527			6,527	
Convertible Shareholder Loan Notes	10 (a)	-	-	-	-	-	-
Client Trust Assets	11	199,519	199,519	199,519			
Total financial assets		3,847,677	4,698,464	1,396,850	576,629	1,176,592	1,548,393
Financial liabilities							
Trade and other payables	14	531,147	531,147	-	-	531,147	-
Client trust liabilities	11	199,519	199,519	199,519			
Fund in trust	16	600,880	626,335	424,503	94,204	107,629	-
Borrowings	17	276,893	278,394	257,671	-	20,723	-
Total financial liabilities		1,608,439	1,635,395	881,693	94,204	659,499	-
Liquidity gap			3,063,068	515,157	482,425	517,093	1,548,393
Cumulative liquidity gap			**3,063,068**	**515,157**	**997,582**	**1,514,675**	**3,063,068**

(d) Market risk

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

Management of market risk

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

(i) Foreign exchange risk

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

	31-Dec-22	31-Dec-21
	N'000	**N'000**
5% Naira appreciation	(8,619)	(6,447)
5% Naira depreciation	8,619	6,447

(ii) Interest rate risk

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

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

Interest rate profile

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

31 December 2022

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Investment securities							
At fair value through OCI	6	-	-	-	-	-	-
At fair value through profit or loss	6	-	-	-	-	-	-
Loans and advances to customers	7	2,915,762	3,837,375	570,139	572,024	1,184,397	1,510,815
Finance lease receivables	8	-	30,266	-	-	-	30,266
Convertible Shareholder Loan Notes	10 (a)	99,352	197,051	-	9,853	9,853	177,346
Total financial assets		3,015,114	4,064,693	570,139	581,877	1,194,250	1,718,427
Financial liabilities							
Fund in trust	16	365,724	514,939	424,503	90,435	-	-
Borrowings	17	252,213	273,650	273,650	-	-	-
Total financial liabilities		617,937	788,589	698,153	90,435	-	-
Interest re-pricing gap			3,276,104	(128,015)	491,442	1,194,250	1,718,427
Cumulative repricing gap			**3,276,104**	**(128,015)**	**363,427**	**1,557,677**	**3,276,104**

31 December 2021

In thousands of Naira	Note	Carrying amount	Gross nominal amount	Up to 3 months	3-6 months	6-12 months	Over 1 year
Cash and cash equivalents	5	162,993	166,305	166,305	-	-	-
Investment securities							
At fair value through OCI	6	-	-	-	-	-	-
At fair value through profit or loss	6	-	-	-	-	-	
Loans and advances to customers	7	2,685,013	3,502,251	584,977	576,629	1,170,065	1,170,580
Finance lease receivables	8	-	30,266				30,266
Convertible Shareholder Loan Notes	10 (a)	-	-	-	-	-	-
Total Interest rate driven assets		2,848,006	3,698,821	751,282	576,629	1,170,065	1,200,846
Financial liabilities							
Fund in trust	16	600,880	626,335	424,503	94,204	107,629	-
Borrowings	17	276,893	278,394	257,671	-	20,723	-
Total Interest rate driven liabilities		877,773	904,730	682,174	94,204	128,352	-
Interest re-pricing gap			2,794,092	69,107	482,425	1,041,713	1,200,846
Cumulative repricing gap			**2,794,092**	**69,107**	**551,532**	**1,593,245**	**2,794,092**

Interest rate profile - (Cont'd)

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

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

In thousands of naira	31 December 2022	31 December 2021
Increase in interest rate by 100 basis points (+1%)		
Sensitivity of interest rate on loans and advances to customers	(29,158)	(26,850)
Sensitivity of interest rate to investment securities		
Sensitivity of interest rate on borrowings and debt securities issued	2,522	2,769
Decrease in interest rate by 100 basis points (-1%)		
Sensitivity of interest rate on loans and advances to customers	29,158	26,850
Sensitivity of interest rate to investment securities		
Sensitivity of interest rate on borrowings and debt securities issued	(2,522)	(2,769)

(e) Operational risk management

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

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

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

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

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

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

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

(f) Capital management

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

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		December 2022	December 2021
5	**Cash and cash equivalents**		
	Cash in hand	**16**	2
	Cash at bank	**343,331**	327,364
	Short term placements	**-**	162,993
		343,347	490,359

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

6	**Investment Securities**		
(a)	Quoted equity fair value through profit or loss		
	Ordinary shares		
	Balance, 1 January	**118,684**	114,757
	Fair value (loss)/gain on financial assets	**(26,039)**	3,927
	Fair value loss through OCI (Note 6a)	**(8,769)**	-
		83,876	118,684
(b)	The movement in fair value gain/(loss) is as follows:		
	Balance, 1 January	**3,927**	-
	Fair value (loss)/gain on financial assets-FVTPL	**(26,039)**	3,927
	Fair value (loss)/gain on financial assets-FVOCI	**(8,769)**	-
	Balance, 31 December	**(30,882)**	3,927

		December 2022	December 2021
(c)	**Investment securities**		
	- At fair value through other comprehensive income		
	Unquoted equity securities:		
	Ordinary shares		
	At 1 January	**3,767,670**	255,764
	Additions during the year (Note 9a)	**-**	95,914
	Less: Disposal/ Derecognition of asset	**-**	(4,131)
	Previously reported	**3,767,670**	347,547
	*Restated -Fair value (loss) / gain through OCI	**(472,966)**	3,420,124
	At '31 December	**3,294,704**	3,767,670

		December 2022	December 2021
	Unquoted equities		
	Current	**-**	-
	Non - current	**3,294,704**	3,767,670
		3,294,704	**3,767,670**
d	**Gains on Disposal of Unquoted equity**		
	As at 1 January (Oakwood Park)	**-**	**4,132**
	Sales proceed	**-**	(20,309)
	Gain on sale of investment securities (See note 23)	**-**	**(16,177)**

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

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		December 2022	December 2021
7	**Loans and advances to customers**		
	Loans:		
	Gross amount	**2,934,550**	2,742,788
	Allowance for credit losses	**(18,788)**	(57,804)
		2,915,762	2,684,985
(a)	Gross amount	**2,934,550**	2,742,788
	Allowance for credit losses:		
	- Impairment loss on stage 1 loans	**(10,540)**	(44,522)
	- Impairment loss on stage 2 loans	**-**	(1,300)
	- Impairment loss on stage 3 loans	**(8,248)**	(11,981)
	Total provision for credit losses	**(18,788)**	(57,804)
	Carrying amount	**2,915,762**	2,684,985

(b) Loans to customers by type

	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
31 December 2022						
Staff loans	**242**	**-**	**-**	**-**	**-**	**242**
Commercial loans	**40,908**	**(700)**	**-**	**(7,803)**	**(8,503)**	**32,404**
Annuity-based loans	**2,852,127**	**(9,835)**	**-**	**-**	**(9,835)**	**2,842,293**
Mortgage loans	**41,273**	**(5)**	**-**	**(445)**	**(450)**	**40,823**
	2,934,550	**(10,540)**	**-**	**(8,248)**	**(18,788)**	**2,915,762**
31 December 2021						
Staff loans	550	-	-	-	-	550
Commercial loans	40,759	(581)	-	(9,328)	(9,909)	30,850
Annuity-based loans	2,648,827	(43,900)	(1,300)	-	(45,201)	2,603,626
Mortgage loans	52,652	(41)	-	(2,653)	(2,695)	49,958
	2,742,788	(44,522)	(1,300)	(11,981)	(57,804)	2,684,985

c) Loans to customers by availment

	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
31 December 2022						
Loans and advances to individuals	**2,930,051**	**(10,433)**	**-**	**(8,264)**	**(18,697)**	**2,911,353**
Loans and advances to corporates	**4,499**	**-**	**-**	**(90)**	**(90)**	**4,409**
	2,934,550	**(10,433)**	**-**	**(8,354)**	**(18,787)**	**2,915,762**
31 December 2021						
Loans and advances to individuals	2,736,016	(44,415)	(1,300)	(6,173)	(51,888)	2,684,128
Loans and advances to corporates	6,772	(107)	-	(5,808)	(5,915)	857
	2,742,788	(44,521)	(1,300)	(11,981)	(57,803)	2,684,986

(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 2022	**44,522**	**1,300**	**11,982**	**57,804**
Charge for the year	**(33,982)**	**(1,300)**	**(3,734)**	**(39,016)**
At 31 December 2022	**10,540**	**-**	**8,248**	**18,788**

		December 2022	December 2021
(e)	**Changes in Loan and advances to customers**		
	Movement in Gross Loans and advances	-	(62,607)
	Write back during year	39,015	37,373
	Impairment write backs on loans	(139,848)	(36,919)
		(100,833)	(62,153)

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

		December 2022	December 2021
8	**Finance lease receivables**		
	Gross amount	**30,266**	30,266
	Allowance for credit losses	**(30,266)**	(30,238)
		-	28
(a)	**Gross amount**	**30,266**	30,266
	Allowance for credit losses:		
	- Impairment loss on stage 1 advances	**-**	(5)
	- Impairment loss on stage 2 advances	**-**	-
	- Impairment loss on stage 3 advances	**(30,266)**	(30,233)
	Total provision for credit losses	**(30,266)**	(30,238)
	Carrying amount	**-**	28

(b) **Finance lease advances by availment**

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

31 December 2021	Gross amount	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Loans and advances to individuals	**11,644**	-	-	**(11,644)**	(11,644)	-
Loans and advances to corporate entities	**18,622**	(5)	-	**(18,589)**	(18,594)	28
	30,266	(6)	-	(30,233)	(30,239)	28

		December 2022	December 2021
(c)	The breakdown of gross investment in finance leases is as follows:		
	Current portion (Less than 1 year)	**-**	5
	Non-current portion (More than 1 year)	**30,266**	30,261
		30,266	30,266

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

	Stage 1 - 12 month ECL	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
At 1 January 2022	**-**	**-**	**30,238**	**30,238**
Charge for the year	**-**	**-**	**28**	**28**
At '31 December 2022	**-**	**-**	**30,266**	**30,266**

(e)

Impairment/(write back) on loan and advances	18,788	57,804
Impairment/(write back) on finance lease	30,266	30,266
	49,054	**88,070**

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

		December 2022	December 2021
9	**Trade and other receivables**		
(a)			
	Trusteeship fees receivables	**12,483**	4,466
	Prepayments	**1,879**	1,879
	Sundry debtors	**1**	182
		14,363	6,527
	Less: Impairment (Note 10a)	**-**	-
		14,363	6,527
(b)	**Trade and other receivables**		
	Current	**14,363**	6,527
	Non - current	**-**	-
		14,363	**6,527**
(c)	**Trade and other receivables**		
	As as 1st January	**6,527**	**12,876**
	Additions	**39,124**	**29,925**
	Payment received	**(31,288)**	**(36,274)**
	Changes in trade and other receivables	**7,836**	**(6,349)**
	As at 31st January	**14,363**	**6,527**
10	**Convertible Shareholder Loan Note**		
10(a)	**Convertible Shareholder Loan Note**	**99,352**	**-**
(b)	**As as 1st January**	**-**	**-**
	Additions	**98,526**	**-**
	Accrued Interest	**8,838**	**-**
	Interest received	**(8,012)**	**-**
	As at 31st January	**99,352**	**-**

The Convertible Shareholder Loan Note was approved at the Annual General Meeting of Leadway Holdings on 8th July, the parent company. It has 5years tenor with 20% interest rate payable twice per annum.It is redeemable via cash or shares at issuer's discretion. The purpose is to support existing subsidiaries.

		December 2022	December 2021
11	**Client trust**		
(a)	Client trust assets and liabilities	**158,248**	199,519
(b)	**As as 1st January**	**199,519**	**334,223**
	Additions	**-**	-
	Interest received	**4,782**	7,658
	Principal payment	**(46,053)**	(142,362)
	As at 31st January	**158,248**	**199,519**

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.

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

12 Intangible assets - Computer software

Cost		
At 1 January	**34,324**	34,324
Additions	**-**	-
At 31 December	**34,324**	34,324
	December 2022	**December 2021**
Accumulated amortization		
At 1 January	**34,324**	34,324
Amortization for the year	**-**	-
At 31 December	**34,324**	34,324
Carrying amount		
At 31 December	**-**	-

(i)All intangible assets are non-current. The company does not have internally generated intangible assets.(ii)The company intangible assets are not impaired.(iii) There are no commitment in respect of the company's intangible assets.

13 Property and equipment

	Leasehold Improvement	Equipment	Computer Hardware	Furniture and Fittings	Motor Vehicle	Total
Cost						
At 1 January 2021	14,417	2,576	3,747	8,667	30,990	60,397
Additions	-	350	2,440	-	-	2,790
Reclassification/disposal	-	-	-	-	-	-
At 1 January 2022	14,417	2,926	6,187	8,667	30,990	63,187
Additions	-	219	4,051	-	-	4,270
At 31 December 2022	**14,417**	**3,145**	**10,238**	**8,667**	**30,990**	**67,457**
Accumulated depreciation						
At 1 January 2021	4,056	2,490	2,750	7,535	7,768	24,598
Disposals	-	-	-	-	-	-
Depreciation charge for the year	2,212	127	720	193	6,199	9,452
At 1 January 2022	6,268	2,617	3,470	7,728	13,967	34,050
Depreciation charge for the year	3,890	86	1,337	147	6,198	11,657
At 31 December 2022	**10,158**	**2,702**	**4,807**	**7,875**	**20,165**	**45,707**
Carrying amount						
At 31 December 2022	**4,259**	**443**	**5,431**	**792**	**10,825**	**21,750**
At 31 December 2021	8,149	310	2,717	939	17,023	29,138

There were no capitalised borrowing costs related to the acquisition of property and equipment during the period(2021;NIL)
There were no impairment on any class of property and equipment during the period (2021:NIL)

		December 2022	December 2021
14 (a)	**Trade and other payables**		
	Sundry creditors	391,736	415,115
	Accruals	114,358	116,032
		506,094	531,147
(b)	**Trade and other payables**		
	Current	506,094	531,147
	Non - current	**-**	-
		506,094	531,147

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

		December 2022	December 2021
15	**Current tax liabilities**		
(a)	Balance, 1 January	**164,744**	81,598
	Charge for the year	**191,672**	145,450
		356,416	227,049
	Payments during the year	**(143,327)**	(62,306)
	Balance, 31 December	**213,090**	164,744
(b)	**Income tax charge**		
	Based on the results for the year:		
	Income tax	**169,471**	127,553
	Education tax	**14,325**	10,826
	Charge for the year	**183,796**	138,379
	Information Technology levy	**7,837**	7,037
	Police Trust Fund Levy	**39**	35
	Deferred taxation charged	**3,962**	14,389
		195,634	159,839

		%	December 2022	%	December 2021
(c)	**Reconciliation of effective tax rate**				
	Profit for the year before tax		**783,713**		703,156
	Income tax	29%	**169,471**	23%	127,553
	Education tax	2%	**14,325**	2%	10,826
	Information Technology levy	1%	**7,837**	1%	7,037
	Police Trust Fund Levy	**0%**	**-**	0%	35
	Deferred tax charged	1%	**3,962**	3%	14,389
	Total income tax expense	**33%**	**195,595**	**29%**	159,839
	Profit for the year after income tax expenses		**588,119**		543,317
	Effective tax rate		**33%**		29%

		December 2022	December 2021
16	**Fund in Trust**		
(a)	Fund in Trust	**365,724**	600,880
(b)	Movement of funds held in trust during the year:		
	Opening balance	**600,880**	814,706
	Additions	**59,984**	207,995
	Returned funds	**(295,140)**	(421,821)
	Closing balance	**365,724**	600,880
17	**Borrowings**		
(a)	Leadway Properties and Investment Limited	**-**	19,222
	Leadway Asset Management Limited	**252,213**	257,671
		252,213	276,893

The company has always met is obligations on the borrowings from LPI and LAM.We have a three months short term borrowings with LAM currently running from December 2022 to March 2023 at commercial rate of 17% pa. with interest payable at maturity and subject to rollover. While LPI position is NIL as at December, 2022.

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

(b)	**Borrowings**		
	Current	252,213	276,893
	Non-current	-	-
		252,213	276,893
(c)	Movement of borrowings during the year:		
	Opening balance	**276,893**	563,488
	Additions	-	-
	Repayments	**(24,680)**	(286,595)
	Closing balance	**252,213**	276,893
18	**Deferred tax Asset**		
	Balance, 1 January	**(7,878)**	(22,266)
	Charge during the year	**3,962**	14,389
	Balance, 31 December	**(3,916)**	(7,878)

		December 2022	December 2021
19	**Share capital**		
19.1	**Authorized:**		
	Ordinary shares of N1.00 each	**1,000,000**	1,000,000
19.2	**Issued and fully paid:**		
	Ordinary shares of N1.00 each	**1,000,000**	660,000

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

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

		December 2022	December 2021
20	**Retained earnings and other equity**		
	Retained earnings		
	Balance, 1 January	**1,451,481**	1,073,165
	Dividend paid during the year	**(198,000)**	(165,000)
	Bonus issue	**(340,000)**	-
	Profit for the year	**588,080**	543,316
	Balance , 31st December	**1,501,561**	**1,451,481**
21	**Other Reserves**		
	Balance, 1 January	**3,420,124**	-
	Fair value through OCI	**(481,736)**	3,420,124
	Balance , 31st December	**2,938,388**	3,420,124
22	**Revenue**		
(i)	**Interest Income**		
	Interest income on loan and advances	**731,925**	682,554
	Interest income on loan and advances	**8,838**	-
	Interest income on placement	**2,433**	9,575
		743,197	**692,129**
(ii)	**Fees and commission income**		
	Processing and Management fees on loans	**27,474**	28,051
	Trusteeship fees	**39,124**	29,925
		66,598	**57,977**
		809,795	**750,105**

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

23 Other operating income

	December 2022	December 2021
Write back of impairment of loans and advances	**613**	353
Dividend Income	**211,634**	213,248
Gain on sale of investment securities (See note 6d)	**-**	16,177
	212,247	229,778

24 Net trading gain and foreign exchange income

Fair value (loss)/gain on investment securities	**(26,039)**	3,927
Foreign currency revaluation gain	**18,134**	9,269
	(7,905)	13,196

25 Impairment on financial assets

Impairment loss/(gain) on loans to customers	**(139,848)**	(36,919)
Impairment loss/(gain) on finance lease receivables	**28**	(1,818)
Net loss on impairment of financial assets	**(139,820)**	(38,737)

26 Finance charge

(i) Interest expense

Bank charges	**605**	530
Interest expense on leases	**-**	812
Interest expense on commercial loans	**5,145**	3,973
Interest expense on annuity-based loans	**152,566**	152,437
	158,315	**157,752**
(ii) Fee and commission expense		
Will expenses	**252**	**220**
	158,567	**157,971**

27 Personnel expenses

	December 2022	December 2021
Staff salaries and expenses	**97,666**	98,526
Staff pension scheme	**3,050**	3,705
Staff medical allowance	**787**	2,775
Management assistance and staff welfare	**5,065**	-
	106,568	105,006

Information regarding employee compensation

(a) The number of employees of the Company who received emoluments in the following range were:

N300,000 - N2,000,000	**1**	1
N2,000,000 - N5,000,000	**5**	6
N5,000,000 - N10,000,000	**2**	2
N10,000,000 and above (Senior Management Staff and Managing Director)	**3**	3
	11	12

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

		December 2022	December 2021
(b)	The number of persons in the employment of the Company as at year end is as follows:		
	Management Staff (Senior Management Staff and Managing Director)	**3**	3
	Non-management Staff	**8**	9
		11	12
(c)	Actual renumeration paid to Management of the Company as at year end is as follows:	**41,554**	**38,054**
28	**Depreciation and amortisation**		
	Depreciation of property and equipment (Note 14)	**11,657**	9,451
		11,657	9,451

		December 2022	December 2021
29	**Other operating expenses**		
	Directors' fees and remuneration (Note 29a)	**25,550**	22,888
	Auditors' remuneration	**5,412**	3,725
	Fuel, repairs and maintenance	**750**	643
	Occupancy and premises maintenance costs	**24,600**	8,839
	Insurance and licence expenses	**2,486**	2,603
	Advertising, promotions and branding	**13,593**	8,300
	Fines and Penalty	**2,933**	-
	Legal and professional fees	**1,019**	2,894
	Business Development	**8,882**	-
	Subscriptions	**1,503**	1,417
	Communication	**3,058**	3,351
	Training and human capital development	**2,549**	834
	Entertainment and meeting expenses	**1,115**	739
		93,451	56,232

The Auditor 'KPMG' did not perform any non -audit service during the year

		December 2022	December 2021
(a)	**Directors remuneration**		
	Remuneration paid to the Company's Directors was:		
	Fees and sitting allowances	**25,550**	22,888
	Fees and other emoluments disclosed above includes amounts paid to:		
	The Chairman	**9,800**	9,800
	The highest paid Director	**9,800**	9,800
	Managing Director	**37,330**	30,812
30	**Earnings per share**		
	Net profit attributable to equity holders	**106,344**	543,316
	Weighted average number of ordinary shares	**1,000,000**	660,000
	Basic and diluted earnings per ordinary shares expressed in naira	**0.11**	0.82

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

31 Dividends

The Board of Directors have proposed a dividend of N250million.25kobo per share (2021: N0.30) from the retained earnings account based on the 2022 financial year results. The dividend amount of N250 million (2021: N198 million) which is liable to withholding tax at a rate of 10% is subject to approval by the shareholders at the Annual General Meeting. Consequently, the dividend has not been included as a liability in these financial statements.

32 Related parties

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

	December 2022	December 2021
Parent company		
The Parent company which is also the Ultimate company is Leadway Holdings Limited.		
Transactions and balances with the Parent Company (Leadway Holdings Limited) includes:		
The Company took up additional right issues offer of 47,957,211 ordinary shares of one naira each in Leadway Holdings Limited during the year. The shares were sold at two naira per share (Amount - N95,914,422) and were allotted on 29 April, 2021	-	95,914
Subsidiary and Associates		
The Company has no subsidiary or associate relationships.		
Fellow subsidiaries and affiliated companies		
This includes Leadway Asset Management, Leadway Hotels, Leadway Properties and Investments Limited and Leadway Assurance Company Limited.		
Borrowing transactions:		
Leadway Properties and Investments Limited	-	(19,222)
Leadway Assurance Company Limited	-	-
Leadway Holdings Limited	-	-
Leadway Asset Management Limited	**(252,213)**	(257,671)

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

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

	December 2022	December 2021
Key management personnel and related parties engaged in the following transactions with the Company during the year:		
Commercial Loan	4,503	-
Convertible Shareholder Loan Note	99,352	-
	103,855	-
Key management personnel compensation for the year comprised:		
Directors' fees	**25,550**	22,888
Other emoluments	**-**	-
	25,550	22,888

33 Guarantees and other capital commitments

The directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of the financial statements. The liabilities are relevant in assessing the Company's state of affairs at 31 December 2022

34 Events after reporting period

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

35 Contingent liabilities, litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and claims amounted to Nil as at 31 December 2022 (2021 : Nil). In the opinion of the directors, the Company is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these financial statements.

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

36 Comparative figures,corrections of errors and reclassifications.

During the year certain prior year figures have been reclassified to ensure proper disclosure and uniformity with current year presentation for a more meaningful comparison,as a result of prior year omission.See below for details

The following notes and tables summarises the errors and their impact on the financial statements.

(i) The company discovered that certain unquoted equities of related parties which were qualified for valuation under IFRS 9 as Fair value through other comprehensive income (FVTOCI) were note fair valued in its financial statements in 2019.As a consequence,Investment securities were understated.This error has been corrected by restating the affected financial statements lines for prior period.

(a) STATEMENT OF FINANCIAL POSITION

	Impact of correction of errors		
	As previously reported	Adjustment/Reclassification	As restated
Assets			
Cash and cash equivalents	490,359	-	490,359
Investment securities			
- At fair value through other comprehensive income	347,547	3,420,124	3,767,670
- At fair value through profit or loss	118,684	-	118,684
Loans and advances to customers	2,684,985	-	2,684,985
Finance lease receivables	28	-	28
Trade and other receivables	6,527	-	6,527
Convertible Shareholders Loan Note	-	-	-
Deferred tax assets	7,878	-	7,878
Client trust assets	199,519	-	199,519
Intangible assets	-	-	-
Property and equipment	29,138		29,138
Total Assets	**3,884,665**	**3,420,124**	**7,304,789**
Liabilities			
Trade and other payables	531,147	-	531,147
Client trust liabilities	199,519	-	199,519
Current tax liabilities	164,744	-	164,744
Fund in Trust	600,880	-	600,880
Borrowings	276,893	-	276,893
Total liabilities	**1,773,184**	**-**	**1,773,184**
Equity			
Share capital	660,000	-	660,000
Retained earnings	1,451,481	-	1,451,481
Other Reserves	-	3,420,124	3,420,124
Total equity	**2,111,481**	**3,420,124**	**5,531,605**
Total liabilities and equity	**3,884,665**	**3,420,124**	**7,304,789**

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

(a) CASHFLOW STATEMENT

	Impact of correction of errors		
	As previously reported	Adjustment/Reclassification	As restated
Cashflow from operating activities			
Profit for the period (after tax)	543,316	-	543,316
Adjustments for:			-
Depreciation of property and equipment	9,452	-	9,452
Impairment write backs on loans	(36,919)	-	(36,919)
Impairment on leases	(1,818)	-	(1,818)
Gains on the sales of investment securities	(16,177)	-	(16,177)
Fair value loss on investment securities	(3,927)	-	(3,927)
Income tax expense	159,839	-	159,839
Finance cost	157,971	-	157,971
Interest income	(682,554)	-	(682,554)
	129,184	**-**	**129,184**
Changes in loans and advances to customers	62,153	-	62,153
Changes in finance lease receivables	12,722	-	12,722
Changes in trade and other receivables	6,349	-	6,349
Changes in Convertible Shareholders Loan Note	-	-	-
Changes in trade and other payables	43,266	-	43,266
Income tax paid	(62,306)	-	(62,306)
Net cash (used in)/generated from operating activities	**191,368**	**-**	**191,368**
Cash flows from investing activities			
Acquisition of property and equipment	(2,790)	-	(2,790)
Proceeds from disposal of investment securities at FVOCI	20,309	-	20,309
Addtions to investment securities at FVOCI	(95,914)	-	(95,914)
Interest received	682,554	-	682,554
Net cash from investing activities	**604,159**	**-**	**604,159**
Cash flows from financing activities			
Dividends paid	(165,000)	-	(165,000)
Borrowings proceeds	(286,593)	-	(286,593)
Changes in fund in trust- Additions	207,995	-	207,995
Changes in fund in trust-Withdrawals	(421,821)	-	(421,821)
Finance cost	(157,971)	-	(157,971)
Net cash used in financing activities	**(823,390)**	**-**	**(823,390)**
Net decrease in cash and cash equivalents	(27,863)	-	(27,863)
Cash and cash equivalents at beginning of the year	518,222	-	518,222
Cash and cash equivalents at end of the year	490,359	-	490,359

(OTHER NATIONAL DISCLOSURES)

STATEMENT OF VALUE ADDED
(All amounts are in thousands of Nigerian Naira)

	December 2022	%	December 2021	%
Turnover				
- Local	**743,197**		963,353	
Other income				
- Local	**212,247**		16,530	
(Expenses)/Income on materials and services - Local	**104,810**		(4,300)	
Value Added	**1,060,253**	**100**	975,584	100
Applied to pay:				
Employee salaries and wages	**106,568**	10	105,006	11
Government as tax	**191,672**	18	145,450	15
To providers of finance				
Interest on loans and borrowings	**158,315**	15	157,971	16
Retained in the business:				
Depreciation of property and equipment	**11,657**	1	9,451	1
To augment reserves	**588,080**	55	543,316	56
Deferred taxation	**3,962**	-	14,389	1
Value Added	**1,060,253**	**100**	975,584	100

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

	2022	2021	2020	2019	2018
ASSETS					
Cash and cash equivalents	343,347	490,359	518,222	863,926	143,317
Investment securities					
- At fair value through other comprehensive income	3,294,704	347,547	255,764	122,704	87,357
- At fair value through profit or loss	83,876	118,684	114,757	118,523	151,498
Loans and advances to customers	2,915,762	2,684,986	2,710,219	3,332,316	3,348,975
Finance lease receivables	-	28	10,933	3,283	10,949
Trade and other receivables	14,363	6,527	12,878	2,535	15,147
Shareholders Loan	99,352	-	-	-	-
Deferred tax asset	3,916	7,878	22,266	17,421	-
Sinking fund asset	-	-	1,078	469	1,593
Client trust assets	158,248	199,519	334,243	371,460	-
Intangible assets	-	-	-	21	2,828
Property and equipment	21,750	29,138	35,798	20,441	18,140
TOTAL ASSETS	6,935,318	3,884,665	4,016,158	4,853,097	3,779,805
LIABILITIES					
Trade and other payables	506,094	531,147	487,880	307,697	318,730
Sinking fund liability	-	-	1,078	469	1,593
Client trust liabilities	158,248	199,519	334,243	371,460	-
Current tax liabilities	213,090	164,744	81,598	156,142	137,937
Fund in Trust	365,724	600,880	814,706	998,569	1,044,711
Borrowings	252,213	276,894	563,488	1,550,214	1,032,559
Deferred tax liabilities	-	-	-	-	1,746
TOTAL LIABILITIES	1,495,369	1,773,184	2,282,992	3,384,551	2,537,276
EQUITY					
Share capital	1,000,000	660,000	660,000	660,000	440,000
Retained earnings	1,501,561	1,451,482	1,073,165	808,545	802,528
Other Reserves	2,938,388	-	-	-	-
TOTAL EQUITY	5,439,949	2,111,482	1,733,165	1,468,545	1,242,528
TOTAL LIABILITIES AND EQUITY	6,935,319	3,884,665	4,016,158	4,853,097	3,779,805
Revenue	743,197	963,353	1,014,649	915,554	871,191
Profit before tax	783,713	703,156	487,107	473,031	421,315
Profit after tax	588,080	543,316	429,621	358,017	302,332
Basic earnings per share (N)	0.11	0.82	0.60	0.54	0.69