C&I Leasing Plc

# Annual Report 2016

# Contents

## Introduction



## Reports & Statements



## Financial Statements



## Shareholders' Information

# Vision & Mission

## MISSION

To provide customers with quality leasing and ancillary service solutions to meet their unique needs, supported by appropriate technology, in accordance with world-class systems and procedures.

## VISION

To become through innovation, the leasing and ancillary service company of choice for any discerning lessee in West Africa.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 26th Annual General Meeting of members of the Company will hold on **Wednesday, May 24, 201**7 at **11.00 am** prompt at THE INCUBATOR, No. 7/8 Chief Yesuf Abiodun Way, City of David Road, Oniru, Victoria Island, Lagos, to transact the following:

**Ordinary Business**

1. To receive the audited financial statements for the year ended 31st December 2016 together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To elect/re-elect retiring directors.
3. To approve the remuneration of directors.
4. To authorize the directors to fix the remuneration of the auditors.
5. To elect members of the Audit Committee for the ensuing year.

**Special Business**

To consider and if thought fit, pass with or without modification(s) the following as special business:

1. That the Company be authorized to redeem the US$2,486,143.09 convertible loan stocks issued to Abraaj Nigeria Advisers Ltd; and that upon its redemption the convertible notes and all coupons thereto be cancelled by the Company.

2. That the Company be authorized to redeem the US$10,000,000 redeemable convertible loan stocks issued to Abraaj Nigeria Advisers Ltd; and upon its redemption the convertible notes and all coupons thereto be cancelled by the Company.

3. That the directors be and are hereby authorised to take all such incidental, consequential and supplemental actions and to execute all requisite documents as may be necessary to give effect to the above resolutions.

**NOTES**

**1. Proxy**

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. Proxies need not be member of the Company. Executed proxy forms should be deposited with the Company Secretary at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.

**2. Closure of Register**

In compliance with section 89 of the Companies and Allied Matters Act 2004 and post-listing rules of the Nigerian Stock Exchange, the register will be closed from Monday, May 15, 2017 to Monday, May 22, 2017 both days inclusive to enable the registrar to update the records of members.

**3. Audit Committee**

Any shareholder may nominate another shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary of the Company at least 21 days before the date of the Annual General Meeting.

**4. Redemption of Loan Stock**

In 2010, Aureos Africa Fund LLC (now Abraaj Nigeria Advisers Limited) invested $10 Million variable coupon, convertible note with five year maturity period in C&I Leasing Plc. The Company and Abraaj Nigeria Advisers Limited have agreed that the loan stock be redeemed within the 2017 financial year.

Also, in 2012 upon the expiration of mandate by Bank of Ghana to leasing companies to recapitalize, C&I Leasing bought out Aureos West Africa Fund LLC (now Abraaj Nigeria Advisers Limited) investment in the subsidiary, Leasafric Ghana Limited, valued at $2,486,143.09 by a swap arrangement and converted same to equity. Abraaj Nigeria Advisers Ltd in turn invested the proceeds of the divestment as additional notes in C&I Leasing Plc bringing its total investment to $12,486,143.09.

**5. Unclaimed Dividend**

Some dividend warrants and share certificates have remained unclaimed or are yet to be presented for payment or returned to the Company for revalidation. A list of the unclaimed dividends will be circulated together with the annual report. Affected shareholders are advised to contact the Registrar, Centurion Registrars Limited of No. 33C, Cameron Road, Ikoyi, Lagos State.

**6. Shareholders' Questions**

Shareholders are entitled to ask questions at the Annual General Meeting on any matter contained in the Annual Report and Financial Statements. Shareholders may also submit their questions in writing, addressed to the Company Secretary and forwarded to the Company's head office not later than seven days before the date of the meeting.

**7. Further Information**

A copy of this Notice and the annual report can be found and downloaded at the Company's website at www.c-ileasing.com.

**Dated the 20th day of March 2017.**
**BY ORDER OF THE BOARD**

**G. MBANUGO UDENZE – FRC/2014/NBA/00000008124**
**For: MBANUGO UDENZE & CO.**
COMPANY SECRETARY

# C&I Leasing Plc at a Glance

C&I Leasing Plc is still the foremost brand in finance lease and logistics support in Nigeria.

## The C&I Leasing Group

### C&I Leasing Plc

C & I Leasing Plc was incorporated in 1990 as a limited liability company, licensed by the Central Bank of Nigeria to offer operating and finance leases, and other ancillary services.

### Leasafric Ghana

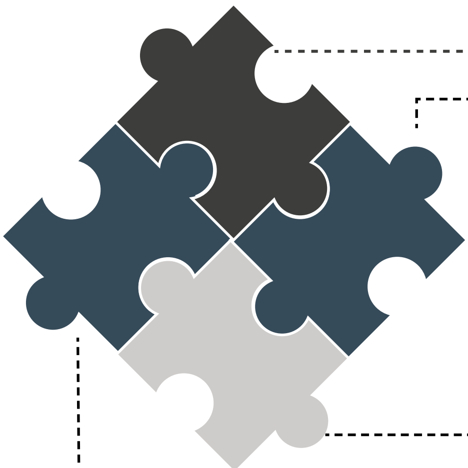
Leasafric is a subsidiary of C&I Leasing Plc based in Ghana. It is the largest leasing company in Ghana and provides professional lease options for individuals and corporate bodies.

### Epic International FZE

Epic International FZE, Ras Al Khaimah, U.A.E, is currently engaged in the ownership and charter of vessels to companies, primarily its parent company, C & I Leasing Plc.

## C&I Leasing Plc

Over the years, the company has enjoyed consistent growth and business expansion that has allowed for it to evolve from a single line business to a multi-line business with interests in key economic sectors in Nigeria



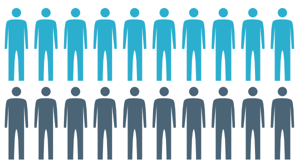
**C&I Marine**
The Marine division of C&I Leasing provides onshore and offshore terminals services including Berthing and Escort, Mooring support, Line and Hose Handling, Pollution Control, Floating and self-elevating platforms

**CITRACKS**
CITRANS Telematics Solutions (CITRACKS) is a Nigeria Communications Commission (NCC) licensed provider of unique fleet management solution to suit various business needs

**C&I Outsourcing**
C&I Outsourcing is a licensed provider of manpower recruitment, training, personnel outsourcing and human resource consultancy services.

**C&I Fleet Management**
We are the sole franchisee and operator of the popular Hertz-Rent-A-Car brand in Nigeria and Ghana. The company currently manages over a thousand vehicles and professional chauffeurs; offering, pick-up and drop-off, airport shuttle and daily rental services

**The SDS Training Services**
The SDS Training Services (formerly named Suzuki Driving School) is a division of C&I Leasing Plc. This service was established in 2011 as a direct response to the need to increase capacity development for over 4200 outsourced employees as part of a continuing professional development program.



**4, 437** Staff
**1, 375** Drivers

## Highlights of operating results in 2016

**Dividend paid in 2015**
4 kobo per share

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | N'000 | N'000 | N'000 | N'000 |
| Revenue | 17, 015,799 | 14, 577, 657 | 14,511,291 | 12,847,336 |
| PBT | 1, 036, 224 | 465,639 | 38, 382 | 405, 834 |
| Income Tax | (115,367) | (316,871) | (48,592) | (262,803) |
| PAT | 920,867 | 148,768 | (10,210) | 143,031 |

## Geographical Locations

We have operational offices in the following locations:
**Nigeria** - Lagos, Abuja, Port Harcourt, Calabar, Enugu, and Benin
**Ghana** - Accra
**UAE** - Ras Al Khaimah

## Who we are

### History

**1990**

C & I Leasing Plc was incorporated in 1990 as a limited liability company. It was licensed by the Central Bank of Nigeria to offer operating and finance leases and other ancillary services. The Company commenced full operations in 1991.

**1997**

In 1997, C & I Leasing Plc concluded a major restructuring and diversification project that saw its conversion to a public company with its shares listed on the official list of the Nigerian Stock Exchange as the only leasing and rental services company.

**Today**

C & I Leasing Plc has enjoyed consistent growth over the years and has expanded its scope of business to cover major sectors of the Nigerian Economy, the West Coast of Africa and the UAE.

### Our Values

**Fairness**
We believe in fairness; and this is evident in all we do – fairness in relationship with our clients, our suppliers and customers.

**Integrity**
We believe in the highest standards and will always uphold the best ethical practices in all our business transactions. We believe that there is no substitute for intergrity – we will keep to our commitments and will always keep our word

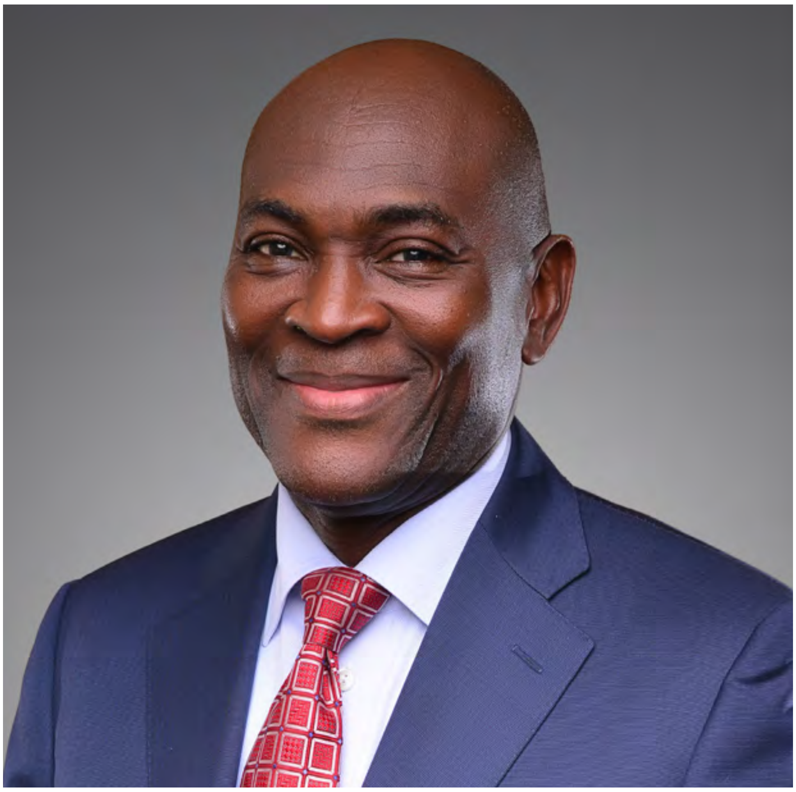
**Responsibility**
As a responsible corporate citizen we believe in doing the right things always. We take due cognizance of the environment when doing business and contribute appropriately towards promoting the health, welfare and economic empowerment of our host communities

**Excellence**
At C&I Leasing we are committed to excellence and this is evident in all we do. Our products and services are designed to be exceptional. We know that our continued success relies on exceeding the expectations of our customers so we work hard to ensure that we achieve that.

**Safety**
C&I Leasing is committed to a safe and healthy environment for all its employees, customers and visitors

# Group Chairman's Statement

Our esteemed shareholders, colleagues on the board, distinguished ladies and gentlemen, I heartily welcome you to the 26th Annual General Meeting of our company, C&I Leasing Plc.



**Chairman**
Chief Chukwuma H. Okolo

Before presenting the Annual Reports and Financial statements for the year ended 31st December 2016, I would like to highlight significant developments in the operating environment, some of which impacted the performance of the company during the year under review.

**Global Economic Environment**
Against expectations of stronger growth in 2016, the performance of the global economy and financial markets was driven by the resonating effects of increased uncertainties which persisted throughout the year. This year was marked by a slow and unstable start, with risk assets selling off, oil price falling to $28 per barrel and investors still concerned about the risk of China devaluing its currency sharply. Undoubtedly, the anticipated result of the US Presidential election in the second half of 2016 and the on-going Brexit effect, clearly magnify the fragile

economic space. Despite predictions of an equity market meltdown, the election actually brought an extraordinary rally in risk assets with developed markets performing particularly well. Bond yields rose, yield curves steepened and cyclical sectors rallied, all showing signs of an increase in growth expectations. However, emerging markets suffered and experienced capital outflows, as they were seen as losers in President Trump's new world.

Despite the Brexit vote, GDP growth of 2 per cent in Britain outpaced the euro area of 1.7 per cent in 2016 again. America's steady recovery continued with an increase of 1.6 per cent from the previous year growth of 2.6 per cent in 2015 while Japan's real GDP grew by 0.3 per cent short of 0.4per cent projection. China's GDP grew by 6.7 per cent, the slowest in 26 years but within the government's target range of 6.5 per cent to 7 per cent. After staying steady for months as fewer of the unemployed left the labor market, America's unemployment rate is falling again. In the euro area, unemployment remains close to 10 per cent while the oil price rose sharply after OPEC agreed to cut output in November. Gold's advances was stemmed by the American Election while China economic resilience bolstered with copper price.

**Domestic Environment**

In the domestic economy, the downtrend which began in 2015 persisted all through the year as all macroeconomic indicators nose-dived. Weak fiscal response, oil production volume shocks and an incoherent monetary policy stance resulted in a currency market crisis which pushed the economy into its first recession in 24 years and damaged investor sentiments.

The Gross Domestic Product (GDP) figure showed a contraction of -1.30 per cent in the fourth quarter of 2016, translating into an estimated economic growth rate of -1.51 per cent for the full year. In real terms, the economy recorded a decline of N240.8bn from N18.53tn in the fourth quarter of 2015 to N18.29tn in the fourth quarter of 2016. The negative growth of 1.3 per cent in the fourth quarter of last year is less severe than the -2.24 per cent decline recorded in the third quarter, implying that the economy is beginning to show signs of recovery.

The economy recorded a negative trade balance of -N290.13 billion out of the total trade value of N17.34 trillion recorded in 2016 with trade imports higher than exports for the period. Throughout 2016, Nigeria exported goods worth N8.53 trillion as against goods worth N8.82 trillion the country imported, resulting to a 3.4 per cent trade deficit. Crude oil export value of N6.99 trillion dominated exports from Nigeria throughout 2016 as against N1.53 trillion recorded for non-crude oil export and N344.37 trillion for non-oil exports. Unexpectedly, oil production volumes

"The financial year 2016 was another remarkable year for the Group. Despite the challenging macro-economic and tough business environment, C&I Leasing Plc posted gross earnings of N17.0billion for the group and N14.5billion for the company during the year.

came under pressure due to disruptions in the Niger Delta, further dragging down government revenues. Accordingly, the economy slid into recession as GDP contracted for three straight quarters (Q1, Q2 and Q3:2016). Also, inflation galloped to double digits from 9.6 per cent as at December 2015 to 18.6 per cent in December 2016 as the pass-through effect from a weaker exchange rate, increase in fuel prices and currency devaluation.

On the fiscal side, the strong anti-corruption goodwill of the administration was leveraged on to successfully implement some reforms in the downstream sector after a hike in petrol prices in May 2016. However, the delay that preceded the passage of the rather optimistic 2016 budget did little to prevent the economy from slipping into recession.

The socio-political environment also remained fragile due to insecurity in the North-Central region and the increased spate of attacks on crude oil production facilities by the Niger Delta Avengers in the South-South continued to counter the military gains against the Boko Haram insurgency in the North-East.

The domestic equities market declined for the third consecutive year as the NSE ASI slide at 6.2 per cent with year to date losses of 2.4 per cent . Sentiments for equities was dragged by weaker macroeconomic indicators which stifled corporate earnings and increased appetite for debt securities. In the fixed income market, aggressive OMO (Open Market Operation) mop-ups by the CBN and the need to rollover maturing T-bills to fund FGN's widening fiscal deficit through the domestic debt market supported the supply of sovereign debt securities in 2016.

In addition, FX market liquidity crunch as well as inflationary pressure drove yields upwards with a huge gap between official and unofficial market rates after the CBN imposed capital control measures on FX transactions. Foreign Direct Investment (FDI) into Nigeria tumbled 63.2 per cent in 2016 to US$2.1bn from US$5.7bn in 2015 and US$9.9bn in 2014 while Foreign Portfolio Investment (FPI) into equities in 2016 slide 51.4 percent (from N973.7bn to N473.5bn), weakening demand for domestic equities significantly.

Forex scarcity and high interest rate remain the greatest hurdle to growth and profitability.

**Operating Results**

The financial year 2016 was another remarkable year for the Group. Despite the challenging macro-economic and tough business environment, C&I Leasing Plc posted gross earnings of N17.0billion for the group and N14.5billion for the company during the year. This represent a revenue growth of 16.7 per cent for the group and 13 per cent for the company compared to corresponding figure of N14.5billion and N12.8billion achieved by the group and company respectively in 2015. Whereas, the group's profit before tax grew by 123 per cent to N1.04billion in 2016 from N0.47billion in 2015, the company's recorded a decrease in profit before tax by 91 per cent from N0.41billion in 2015 to N0.04billion in 2016. Similarly, the group's profit after tax grew by 519 per cent from N0.15billion in 2015 to N0.92billion in 2016 while the company's profit after tax declined into a negative position by 107 per cent from N0.14billion in 2015 to N0.01billion loss in 2016.

The strong improvement in revenue and profitability was primarily driven by sustained growth in our marine, outsourcing, tracking and fleet management businesses of the company, combination of cost-cutting measures, efficient utilization of assets and foreign exchange gains. This is in spite of impairment loss provisions of N605million (2015: N129m) for the company.

Total Assets for the group increased by 31 per cent from N29.3billion in 2015 to N38.4billion in 2016 while the total assets for the company increased by 13 per cent from N24billion to N27billion. Likewise, the shareholder's fund for the group increased by 43 per cent from N5.7billion in the preceding year of 2015 to N8.1billion in 2016 but dropped by 14 per cent from N6.6billion in 2015 to N5.7billion in 2016 for the company.

As approved during the last AGM, the company has merged the operations of one of the erstwhile subsidiaries, C&I Motors with the fleet management unit of the Company in order to provide constant maintenance support to the ever-growing fleet management services of the company and to achieve more gains in cost and efficiency management.

Just as we intend to increase our investment in vehicles fleet especially supply chain trucks operating in Nigeria & Ghana and grow our marine business by additional five vessels by the first quarter 2016 with contracts already signed by IOCs, we are strategically poised to take advantage and maximize opportunities provided by the local content policy. It is our expectation that the passing of the Petroleum Industry Governance Bill (PIGB) before the second quarter of the year will address all governance –related issues and transform the oil and gas sector and thereby consolidate our position among the major players in the maritime Industry.

**Conclusion**

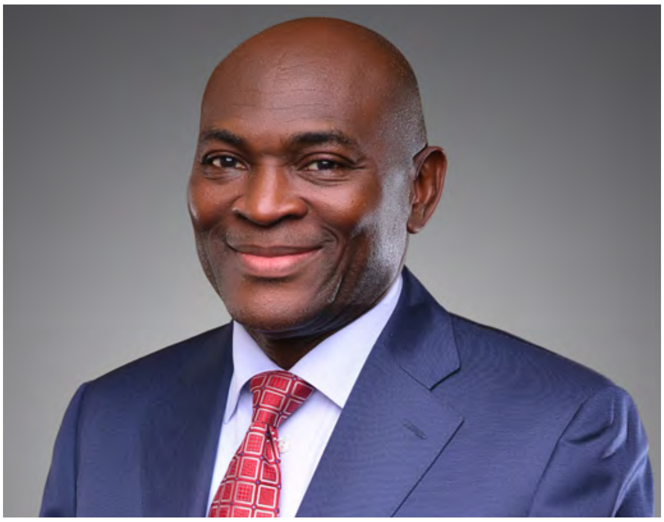
The ended year has been full of challenges that are beyond our control. We are hopeful that the measures being adopted will turn fortunes around positively and deliver better results this current year. We plan to pay an interim dividend by mid-year.

I express my sincere gratitude to you all for your understanding, patience and support to the Board and your company. Also, I thank the staff and management for their loyalty and dedication to duty.

I thank you all for your attention.

Chief Chukwuma H. Okolo
**Chairman, Board of Directors**

# The Board of Directors



## CHIEF CHUKWUMA H. OKOLO

***Chairman***

Chief Chukwuma Henry Okolo is a Chartered Accountant and the Chief Executive Officer of Dorman Long Engineering Limited. He holds a B.Sc. in Accounting from the University of Nigeria, Nsukka (1978). Chief Okolo was a past coordinator of the West African Enterprise Network (Nigerian Chapter) from 1995 – 1997 and the Vice Chairman of the Nigerian Economic Summit Group. He became the Chairman in 2016.

## EMEKA NDU

***Vice Chairman***

Mr. Emeka Ndu, a Chartered Accountant and Group Vice Chairman of C&I Leasing Plc, was until June 2000 the Chairman of the Equipment Leasing Association of Nigeria (ELAN). Mr. Ndu has served as the Chairman of the Shipping and Marine Services Sub-Committee of the National Consultative Forum set up by the Nigerian National Petroleum Corporation (National Content Division) to promote indigenous content in the Nigerian oil & gas industry.

## ANDREW OTIKE-ODIBI

***Managing Director / CEO***

Mr. Andrew Otike-Odibi is a Chartered Accountant, and currently the Managing Director of C&I Leasing Plc. He joined C&I Leasing in 1998 as a Senior Manager and was appointed to the Board in 2007. Prior to joining C&I, Mr. Otike-Odibi was a Branch Manager with Diamond bank Plc. He holds a B. Sc and MBA from the University of Benin. He became the Managing Director of C&I Leasing Plc in 2016.

### IKECHUKWU DURU

***Non-Executive Director***

He is the Managing Director of FSDH Securities Limited as well as General Manager in Credit Alliance Financial Services Ltd. He is an Associate member of Institute of Chartered Accountants of Nigeria (ICAN), Associate member of Chartered Institute of Taxation of Nigeria (CITN) and also An Associate member of Chartered Institute of Stockbrokers (CIS).

### PRINCESS N. U. I. UCHE

***Non-Executive Director***

Princess Mrs. N.U.I Uche is a fellow of the Institute of Chartered Accountants of Nigeria, a Certified Information Systems Auditor certified in Risk and Information Systems Control, and an Associate member of the Chartered Institute of Taxation of Nigeria. She holds a B. Sc Honours Degree in Accounting from the University of Lagos (1982) and was trained in the accounting firm of Akintola Williams Deloitte before joining OUT Consulting limited where she is the principal Consultant.

### LARRY ADEMESO

***Non-Executive Director***

Mr. Larry O. Ademeso is currently the MD/CEO of Custodian Life Assurance Ltd. Prior to his present position, he was the MD/CEO of Royal Exchange Prudential Life Plc. from 2009 - 2011 and joined the Crusader Group as the MD/CEO of the Crusader Life Assurance Ltd. Mr. Ademeso obtained his first and second degrees in Insurance and Marketing respectively from the University of Lagos. He is an Associate of the Chartered Insurance Institute of Nigeria and Associate member of the International Insurance Society. He is an Alumni of the Lagos Business School.

### OMOTUNDE ALAO-OLAIFA

***Non-Executive Director***

Tunde Alao-Olaifa is an Associate Director at Leadway Assurance Company Limited with particular focus on Proprietary Investment and Unquoted assets. In addition to his investment function, he is also tasked with managing the firm's Corporate Finance, He graduated from University of Ibadan with a degree in Political Science and an MBA from Pan Atlantic University (Lagos Business School).

### PATRICK UGBOMA

***Non-Executive Director***

Sir Patrick Sule Ugboma is a graduate of Management Studies, Imo State University. He has a Diploma in Management from Nottingham University, England. He is currently the MD of DEC Oil and Gas Limited. He is also a Director in several companies in Nigeria.

### JACOB KHOLI

***Non-Executive Director***

Jacob Kholi is a Partner with The Abraaj Group and the regional Chief Investment Officer for Sub-Saharan Africa.

Mr. Kholi holds a MSc. in Finance and Financial Law degree from the University of London, an Executive MBA in International Business from the Paris Graduate School of Management (PGSM) and a BSc. in Administration (Accounting) degree from the University of Ghana Business School. He is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants, Ghana.

# The Report of the Directors

The Directors are pleased to submit their annual report on the affairs of C & I Leasing Plc and its subsidiaries, together with the audited financial statements and independent auditors' report for the year ended 31 December 2016.

**Managing Director**
Andrew Otike-Odibi

**LEGAL FORM**

C & I Leasing Plc was incorporated in 1990 as a limited liability Company and licensed by the Central Bank of Nigeria to offer operating and finance leases and other ancillary services. The Company commenced full operations in 1991. In 1997, C & I Leasing Plc concluded a major restructuring and diversification project that saw its conversion to a public company with its shares listed on the official list of the Nigerian Stock Exchange as only quoted leasing and rental services provider. C & I Leasing Plc has since enjoyed consistent growth over the years and has expanded its scope of business to cover major sectors of the Nigerian economy and indeed the west coast of Africa.

During the year, one of the fully owned subsidiaries, C & I Motors Limited, was merged with the parent company and this has had a positive overall effect on the group result. C & I Leasing Plc, which is wholly owned by a number of institutional investors and individuals has considerably diversified and currently has the following subsidiaries as at year end with the following ownership structures:

Leasafric Ghana Limited – 70.89%
Epic International FZE –100% owned

**OVER TWO AND HALF DECADES OF EXCELLENCE**

C & I Leasing Plc is the foremost brand for finance leases, and other ancillary services in Nigeria. With a balance sheet size of over N38 billion (approximately $125 million), a staff strength of over 4,500 employees and operational offices in key locations in Nigeria and Ghana, the company takes pride in its track record of exceptional and qualitative service delivery. As at today, we are still the largest leasing company in Nigeria and the only leasing company quoted on the Nigerian Stock Exchange. Our dominance in the leasing business is evident in the performance of our fleet management solutions where we provide exceptional service to a host of clients in several sectors of the economy.

We have also successfully managed the Hertz car rental franchise in Nigeria, providing short term rentals to various clients. Our track record is also visible in the personnel outsourcing business where we currently manage over 3,500 employees, working with several clients across the country. Furthermore, the company recently expanded its operations into the leasing of oilfield support vessels, and has within the last 5 years demonstrated remarkable achievements by owning / managing a fleet size of over 24 vessels.

**PRINCIPAL ACTIVITIES**

The Company's principal activities are providing transportation logistics solutions in the form of car and marine vessel rental, fleet management and automobile distribution as well as human resources solutions through its major business units and its subsidiaries. C & I Leasing is managed along four business units, namely: Hertz/Fleet Management, Marine Services, Personnel Outsourcing and Citracks unit.

***Hertz Car Rentals***

Hertz/Fleet management (Light and Heavy Duty Equipment)

The unit primarily comprises Hertz car rental, light fleet management and heavy duty automobiles and has experienced robust growth over the last few years to become the largest outsourced fleet services operator, serving major organizations across the 36 states of the


## *C&I Marine*

Federation. This, it has successfully achieved by deploying fleet management solutions under its Gold and Silver Fleet Scheme to both individuals and corporate bodies. There is still a strong demand for the product and the plan is to further increase the fleet size within the current year. One of the Company's erstwhile subsidiaries, C & I Motors, was within the year merged with the unit in order to provide maintenance services to its ever growing fleet. This has brought about a reduction in high maintenance cost usually incurred by the unit, and by extension, a positive overall effect on the Group. Furthermore, plans are being put in place to improve efficiency in the unit by deploying cutting edge technological solutions to manage the risk that may be associated with the unit's rapid growth.

**Marine Services**

The unit has been structured to offer wide range of marine services to both onshore and offshore terminals in order to take advantage of the opportunities in the Nigerian Local Content laws. These services include Line and Hose Handling, Berthing and Escort Services, Mooring Support, Fire-fighting, Pollution Control, Security and Floating and Self-elevating Platforms. During the year C & I Leasing PLC signed a new five year contract with SHELL for the provision of 1 unit of 80TBP AHTS for her crude loading support service at the EA field. Worthy of note also is that the company was awarded a contract for the provision of 4 units Damen 1605 Security Patrol boat and 1 RHIB craft to NLNG. The RHIB craft commenced operations during the year under review, while the 4 security boats recently commenced operations in the current year. The duration is 5 years + 1 year option. This will invariably contribute recently in boosting the company's overall performance in the coming years.



**Personnel Outsourcing**

The unit provides Human Resource Outsourcing, Human Resource Consultancy, Personnel Evaluation and Training and Manpower Development services. It has consistently contributed close to fifty per cent of the company's gross revenue with the future prospect of diversification into Power / Electricity distribution industry.

**Citracks**

This unit provides web-based, end-to end tracking and other logistics and fleet management solutions to its internal client, Hertz Nigeria and Ghana, as well as various individuals and corporate organizations alike. Citracks also provides specialised tracking services for vessels.

**OUR SUBSIDIARY COMPANIES**

Presently, the company has two operating subsidiaries:

**Leasafric Ghana Limited**

Leasafric was incorporated in 1992 and commenced operations in 1994. It was licensed in 1994 as a non-bank financial institution to carry out the business of finance leasing as its principal business. This foreign subsidiary has further gained ground due to the inclusion of Hertz Ghana to its operations in order to provide operational leases to individuals and corporate bodies in Ghana as well. This has contributed immensely to the improved operational performance of the company.

**Epic International FZE**

Epic International FZE was incorporated in 2011, as a free trade zone establishment in United Arab Emirates and licensed to trade in ships and boats, spare parts, components and automobile. The Company commenced operations fully in 2014, providing two vessels each to Shell and NLNG on hire through its parent company, C & I Leasing Plc. In 2015, another vessel commenced operations with Exxon Mobil, while 1 Rhib craft commenced operations with NLNG during the year. 4 new security boats have also resumed operations with NLNG in the current year.

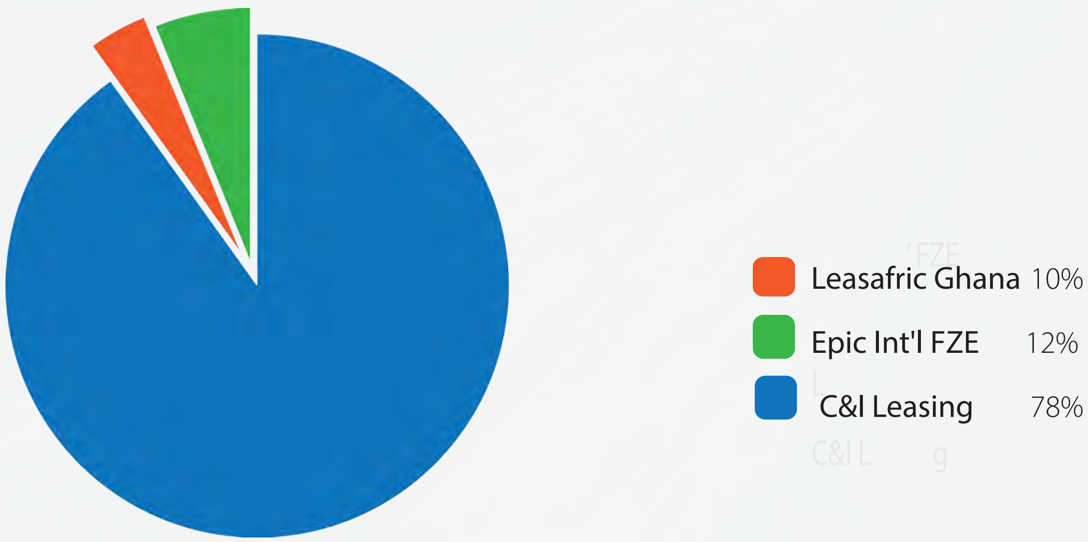
**FINANCIAL PERFORMANCE AND BUSINESS REVIEW**

The gross earnings of the group increased by 16.7 per cent from N14.6 billion to N17.0 billion while the profit before tax also increased by 123 per cent from N466 million to N1 billion. The Group's profit after tax increased by 519 per cent from N149 million to N921 million while that of the Company decreased by 107% from N143 million to N (10) million. Similarly, the Group shareholders fund increased by 43% from N5.7 billion to N8.1 billion, while that of the parent company however decreased by 14% from N6.6 billion to N5.7 billion.

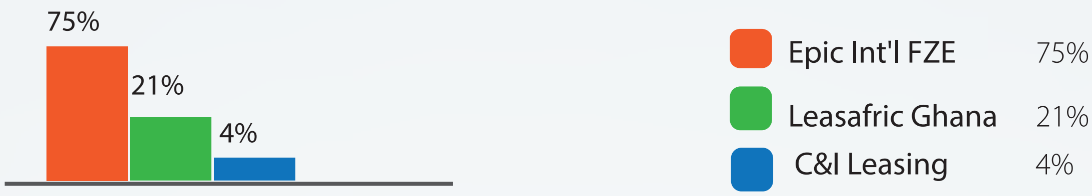
Highlights of the Group's operating results for the year under review are as follows:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **N'000** | **N'000** | **N'000** | **N'000** |
| **Revenue** | 17,015,799 | 14,577,657 | 14,511,291 | 12,847,336 |
| **PBT** | 1,036,224 | 465,639 | 38,382 | 405,834 |
| **Income Tax** | (115,357) | (316,871) | (48,592) | (262,803) |
| **PAT** | 920,867 | 148,768 | (10,210) | 143,031 |

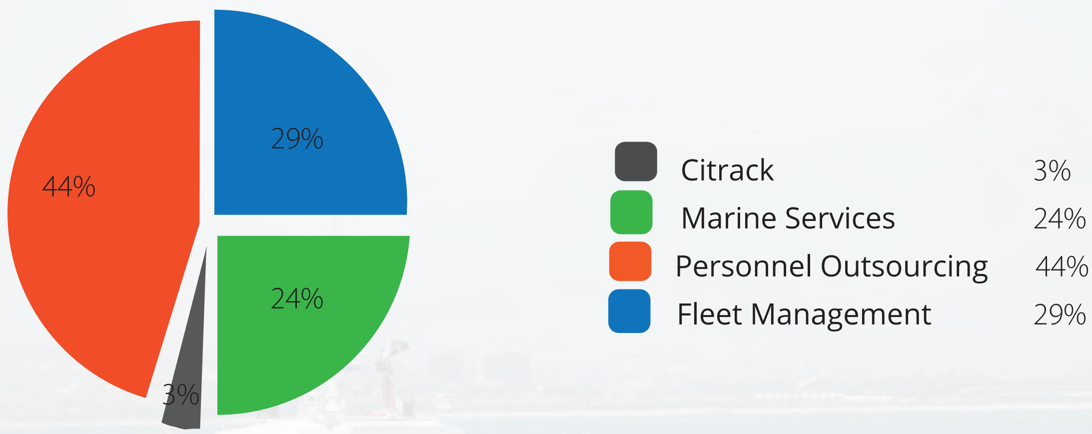
## GROUP'S POSITION - DECEMBER 2016
**GROSS EARNINGS**



## GROUP'S POSITION - DECEMBER 2016
**PROFIT BEFORE TAX**




## COMPANY'S POSITION - DECEMBER 2016
**GROSS EARNINGS**




## COMPANY'S POSITION - DECEMBER 2016
**PROFIT BEFORE TAX**

It is noteworthy that the performance of the company during the year under review was a complete reflection of macro-economic turbulence, recession and devaluation of Naira. Despite the large number of players, C & I Leasing enjoyed competitive advantage due to strong franchise value, proficiency and rich antecedents over its competitors. The company also adopted cost saving measures to sustain its business while also implementing strategies to increase its share of revenue in the market. This direction is being sustained and is expected to turn around the results positively in the current financial year.

During the year, C & I Leasing Plc received rating reports from both Agusto & Co and Global Credit Rating- GCR as follows:

| | | |
|---|---|---|
| **GCR –** | Short term: | A3 |
| | Long term: | BBB- |
| **Agusto & Co:** | | Bbb- |

These were investment grade ratings with the outlook of the business considered stable by the two agencies.

**STRATEGIES FOR FUTURE GROWTH**

Despite the challenging operating climate of high interest rate, forex scarcity and high cost of doing business, we continue to seek opportunities for growth. We will exert a determined effort to achieve undisputed leadership within our market space. Our priorities will include:

- Focus on our core business activities of fleet management services, offshore marine support services, manpower outsourcing and Citrack.
- Strengthening our greatest asset through staff intensive training and development.
- Seizing opportunities for targeted play in regional transactions.
- Superior services and execution to drive client growth and retention.
- Seeking various alternative sources of funds locally and internationally to finance our operations

The year 2017, we believe, will be a favorable year with better performance as already evidenced in our first quarter result. Barring any unforeseen circumstances, we intend to improve our performance and deliver higher returns to our shareholders.

## DIVIDEND HISTORY

| Financial Year End | Dividend Number | Final / Interim | Amount Declared (N) | Amount Paid (Kobo) |
|---|---|---|---|---|
| 12-Dec-1997 | 4 | Final | 23,964,627.10 | 10 |
| 12-Dec-1998 | 5 | Final | 18,000,000.00 | 15 |
| 1-Dec-1999 | 6 | Final | 24,000,000.00 | 10 |
| 12-Dec-2000 | 7 | Interim | 12,000,000.00 | 5 |
| 31-Jan-2001 | 8 | Final | 24,000,000.00 | 10 |
| 31-Jan-2002 | 9 | Final | 36,170,935.65 | 15 |
| 31-Jan-2003 | 10 | Final | 36,000,000.00 | 15 |
| 31-Jan-2004 | 11 | Final | 40,000,000.00 | 10 |
| 31-Jan-2005 | 12 | Final | 60,000,000.00 | 10 |
| 31-Jan-2006 | 13 | Interim | 30,000,000.00 | 5 |
| 31-Jan-2006 | 14 | Final | 60,000,000.00 | 10 |
| 31-Jan-2007 | 15 | Final | 80,029,700.00 | 5 |
| 31-Jan-2008 | 16 | Interim | 96,035,640.00 | 6 |
| 31-Jan-2008 | 17 | Final | 95,792,821.80 | 6 |
| 31-Jan-2009 | 18 | Final | 191,585,643.60 | 12 |
| 31-Jan-2010 | 19 | Final | 42,000,000.00 | 2 |
| 31-Jan-2012 | 20 | Final | 37,328,059.00 | 2 |
| 31-Dec-2013 | 21 | Final | 64,680,400.00 | 4 |
| 31-Dec-2014 | 22 | Final | 129,360,800.00 | 8 |
| 31-Dec-2015 | 23 | Final | 64,680,400.00 | 4 |

Payment of dividend is however subject to withholding tax at a rate of 10% in the hand of recipients.

**CORPORATE GOVERNANCE**

In C & I Leasing Plc, we remain committed to promoting good corporate governance and best practices in the conduct of our business in accordance with applicable laws and regulations in Nigeria and the requirements of the Nigerian Stock Exchange as well as in compliance with the Code of Corporate Governance in Nigeria, 2011. We pride ourselves as leaders in our industry and indeed Nigeria. Our actions and interactions with our customers, employees, government officials, suppliers, shareholders and other stakeholders reflect our values, beliefs and principles. The Company complied substantially with major corporate governance principles during the year under review.

The Company has a whistle blowing policy and has also adopted an Anti-Money Laundering/Combating of Financial Terrorism Policy.

**THE BOARD OF DIRECTORS**

**Board Composition**

The Board consists of a non-executive chairman, four non-executive directors, one independent non-executive director and two executive directors. They are responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing the implementation of controls and procedures including maintaining a sound internal control system to safeguard shareholders' investments and the Company's assets. They are persons of mixed skills, chosen on the basis of professional background and expertise, business experience and integrity as well as sound knowledge of the Company's business. The Directors are fully aware of their responsibilities and are also able to exercise good judgment on issues relating to the Company's business. The Chairman is a separate individual from the Managing Director, who is responsible for implementation of the Company's business strategy and the day-to-day management of the company. The Non - Executive Directors are independent of the management and are free from constraints which may materially affect their judgment as Directors of the Company. They are responsible for providing good leadership and steering the Company to achieving its long term goals.

**Responsibilities of the Board**

The Board is as responsible to the providers of capital as to all relevant stakeholders who have legitimate claims to the organization. The Board has the responsibility to ensure that the company is appropriately managed and achieves its strategic objectives with the aim of creating a sustainable long term value to the shareholders through:

- Reviewing and approving the Company's strategic plans for implementation by management.
- Reviewing and approving the Company's financial objectives, business plans and budgets, including capital allocations and expenditures.
- Monitoring corporate performance against the strategic plans and business, operating and capital budgets
- Implementing the company's succession planning.
- Approving acquisitions and divestitures of business operations, strategic investments and alliances, and major business development initiatives
- Approving delegation of authority for

any unbudgeted expenditure.

- Assessing its own effectiveness in fulfilling its responsibilities, including monitoring the effectiveness of individual directors.
- Compliance with sound and effective corporate governance and social responsibilities.

The directors are conscious of their fiduciary duties to the company, particularly, the duty of care and the duty of loyalty, and have continued to carry out their duties with utmost regard for the best interest of the Company, its shareholders and other stakeholders.

There was a 55% increase in the Directors' fees in 2016.

**Record of Directors attendance at Meeting:**

The Members of the Board of Directors hold periodic meetings to decide on policy matters and to direct the affairs of the company, review its operations, finances and formulate growth strategy. Board agenda and report are provided ahead of meetings.

Further to the provision of section 258 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the record of the Directors' attendance at board meeting during the year under review is available at the company's corporate Head office for inspection.

The Board has a formal schedule of meetings each year and met four (4) times in the course of the year under review. Furthermore, in line with corporate governance principles, the table below shows the frequency of meetings of the Board of Directors and members' attendance at these meetings during the year under review:

| ATTENDANCE FOR BOARD OF DIRECTORS MEETING | NO. OF MEETINGS HELD | NO. OF MEETINGS ATTENDED |
|---|---|---|
| CHIEF CHUKWUMA HENRY OKOLO | 4 | 4 |
| MR. CHUKWUEMEKA NDU | 4 | 4 |
| PRINCESS (MRS) N.U.I UCHE | 4 | 4 |
| MR. TUNDE ALAO-OLAIFA | 4 | 4 |
| MR. LARRY OLUGBENGA ADEMESO | 4 | 3 |
| MR. IKECHUKWU DURU | 4 | 4 |
| MR. JACOB KHOLI / DR OLUSEGUN OSO | 4 | 3 |
| MR. PATRICK UGBOMA | 4 | 3 |
| MR. ANDREW OTIKE- ODIBI | 4 | 4 |

The Board of Directors held its meetings on the following dates of the year; January 28, 2016, April 28, 2016, July 21, 2016 and October 25, 2016.

**Board Changes**

In accordance with the Company's Articles of Association, the following Directors namely: Mr Jacob Kholi and Mr Larry Olugbenga Ademeso will retire by rotation at the Annual General Meeting and being eligible for re-election will offer themselves for re-election.

Princess (Mrs) N.U.I. Uche resigned from the Board on the 17th day of January, 2017 following her appointment by President Muhammadu Buhari, GCFR, as an Executive Director, Anambra-Imo River Basin Development Authority.

**COMMITTEES**

In conformity with Code of Best Practice in Corporate Governance, the Board performs its functions using various Board Committees, which allow for deeper attention to specific issues for the Board. The committees are as follows:

**a. Board Operations Committee:**

The Operations Committee performs oversight functions relating to strategic operational issues. It consists of four members, made up of two executive directors and two non-executive director. During the year, the committee met six times with attendance as follows:

| ATTENDANCE FOR BOARD OPERATIONS COMMITTEE MEETING | NO. OF MEETINGS HELD | NO. OF MEETINGS ATTENDED |
|---|---|---|
| MR. CHUKWUEMEKA NDU | 6 | 6 |
| MR. LARRY OLUGBENGA ADEMESO | 6 | 6 |
| MR. JACOB KHOLI / DR OLUSEGUN OSO | 6 | 4 |
| MR. ANDREW OTIKE- ODIBI | 6 | 6 |

The Board Operations Committee held its meetings on the following dates of the year; January 26, 2016; April 19, 2016; May 5, 2016; July 19, 2016; September 5, 2016 and October 24, 2016.

**b. Board Risk Committee:**

The main objective of this committee is to oversee the Company's risk management process and to inform/advise the Board Operations Committee, the Board of Directors (where necessary) and the Audit Committee about the Company's main risks and mitigating actions. The Committee is also responsible for assessing the adequacy and effectiveness of the Company's management of the risk and compliance function of the Company. Their terms of reference include, but are not limited to the following:

- Review and approval of the company's risk management policy, quality and strategy;
- Review of the effectiveness and competence of risk management and

control;

- Oversight of management's process for the identification of significant risks across the company and the capability of prevention, detection and reporting mechanisms;
- Review of the level of compliance with applicable laws and regulatory requirements which may impact on the company's risk profile;
- Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile; and
- Review and recommendation for approval of the Board risk management procedures and controls for new products and services.

The composition of the Board Risk Committee as well as the record of attendance at meetings for the year are as detailed below:

| ATTENDANCE FOR BOARD RISK COMMITTEE MEETING | NO. OF MEETINGS HELD | NO. OF MEETINGS ATTENDED |
|---|---|---|
| PRINCESS (MRS) N. U. I. UCHE | 5 | 5 |
| MR. ANDREW OTIKE-ODIBI | 5 | 5 |
| MR TUNDE ALAO-OLAIFA | 5 | 4 |
| MR. JACOB KHOLI / DR OLUSEGUN OSO | 5 | 3 |

The Board Risk Committee held its meetings on the following dates of the year; January 26, 2016; March 3, 2016; April 27, 2016; July 20, 2016 and October 24, 2016.

**STATEMENT IN RESPECT OF DIRECTORS' RESPONSIBILITIES**

**Responsibilities in respect of financial statements**

The Companies and Allied Matters Act 2004 requires the directors to prepare financial statement for each financial year that gives a true and fair view of the state of financial affairs of the company at the end of the year and of its profit and loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act 1990;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied. The Directors

accept responsibility for the annual financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment, in conformity with the requirements of the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act, CAP C20 LFN 2004.

The Directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company, the financial position of the company and of its profit or loss. The Directors further 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 internal financial control as the Directors determine is necessary to ensure that the financial statements are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of these financial statements.

**DIRECTORS DECLARATION**

None of the directors have:

- Ever been convicted of an offence resulting from dishonesty, fraud or embezzlement;
- Ever been declared bankrupt or sequestrated in any jurisdiction; at any time being a party to a scheme of arrangement or made any other form of compromise with their creditors;
- Ever been found guilty in disciplinary proceedings by an employer or regulatory body, due to dishonest activities;
- Ever been involved in any receiverships, compulsory liquidations or creditors' voluntary liquidations;
- Ever been barred from entry into a profession or occupation; or
- Ever been convicted in any jurisdiction for any criminal offence under any Nigerian legislation.

**CODE OF BUSINESS ETHICS**

The Company has a code of business which defines the Company's mission within a corporate governance framework. The code is applicable to all employees as well as Directors and business partners of the Company in business conduct. These codes set the professionalism and integrity required for business operations which cover compliance with the law, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for dishonest practices.

**SHAREHOLDING STRUCTURE.**

The analysis of shareholding in the company as at December 31, 2016 was as follows:

**SHAREHOLDING STRUCTURE.**

The analysis of shareholding in the company as at December 31, 2016 was as follows:

**LIST OF SUBSTANTIAL INTEREST IN SHARES AS OF 31 DECEMBER, 2016**

| Shareholder | Number of shares held | % of Shareholding |
|---|---|---|
| | | |
| LEADWAY ASSURANCE CO. LTD | 140,000,353 | 8.66% |
| GRAND TOTAL | 140,000,353 | 8.66% |

**C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DECEMBER 2016**

| S/No. | NAMES | TOTAL (DEC 2016) | SHAREHOLDING DIRECT (DEC 2016) | SHAREHOLDING INDIRECT (DEC 2016) | INDIRECT HOLDER |
|---|---|---|---|---|---|
| 1 | CHUKWUEMEKA HENRY OKOLO - (CHAIRMAN) | 14,269,093 | 14,269,093 | | |
| 2 | CHUKWUEMEKA NDU - (VICE CHAIRMAN) | 60,236,490 | 1,338,271 | 58,898,219 | PETRA PROPERTIES |
| 3 | OMOTUNDE ALAO-OLAIFA | 140,000,453 | | 140,000,353 | LEADWAY ASSURANCE CO. LTD |
| 4 | IKECHUKWU DURU | 60,000,010 | - | 60,000,010 | CREDIT ALLIANCE FIN. SERV. LTD |
| 5 | PRINCESS N.U.I UCHE | 78,162,708 | 100,200 | 78,062,508 | OUT CONSORTIUM FINANCE LIMITED |
| 6 | JACOB KHOLI | 43,394,691 | | 43,394,691 | ABRAAJ NIGERIA ADVISERS LIMITED |
| 7 | PATRICK SULE UGBOMA | 80,416,666 | 80,416,666 | | |
| 8 | ANDREW OTIKE-ODIBI (MANAGING DIRECTOR) | 814,300 | 814,300 | | |
| | | | | | |
| | DIRECTORS TOTAL | 477,294,311 | 96,938,530 | 380,355,781 | |
| | % OF TOTAL | 29.52% | 5.99% | 23.52% | |
| | TOTAL OUTSTANDING SHARES | 1,617,010,000 | 1,617,010,000 | 1,617,010,000 | |

| C & I LEASING PLC DIRECTORS SHAREHOLDING AS OF CLOSE OF BUSINESS 31 DECEMBER 2015 | | | | | |
|---|---|---|---|---|---|
| **S/ No.** | **NAMES** | **TOTAL (DEC 2015)** | **SHAREHOLDING DIRECT (DEC 2015)** | **SHAREHOLDING INDIRECT (DEC 2015)** | **INDIRECT HOLDER** |
| 1 | BELLO, A.D. (RTD), GCON, CFR - (CHAIRMAN) | 717,554 | 717,554 | | |
| 2 | OKOLO H.C. - (VICE CHAIRMAN) | 14,269,093 | 14,269,093 | | |
| 3 | NDU CHUKWUEMEKA E. - (MANAGING DIRECTOR / CEO) | 60,236,490 | 1,338,271 | 58,898,219 | PETRA PROPERTIES |
| 4 | LEADWAY ASSURANCE CO. LTD (OMOTUNDE ALAO-OLAIFA) | 140,000,353 | | 140,000,353 | LEADWAY ASSURANCE CO. LTD |
| 5 | CUSTODIAN AND ALLIED INSURANCE . PLC (ADEMESO OLUGBENGA LARRY.) | 6,526,435 | | 6,526,435 | CUSTODIAN AND ALLIED INSURANCE PLC |
| 6 | CREDIT ALLIANCE FIN. SERV. LTD (DURU IKECHUKWU) | 60,000,010 | - | 60,000,010 | CREDIT ALLIANCE FIN. SERV. LTD |
| 7 | OUT CONSORTIUM FINANCE LIMITED (UCHE, N.U.I.) | 78,162,708 | 100,200 | 78,062,508 | OUT CONSORTIUM |
| 8 | ABRAAJ NIGERIA ADVISERS LIMITED (KHOLI JACOB) | 43,394,691 | | 43,394,691 | ABRAAJ NIGERIA ADVISERS LIMITED |
| 9 | UGBOMA PATRICK SULE | 80,416,666 | 80,416,666 | | |
| 10 | OTIKE-ODIBI ANDREW (EXECUTIVE DIRECTOR) | 814,300 | 814,300 | | |
| | | | | | |
| | DIRECTORS TOTAL | 484,538,300 | 97,656,084 | 386,882,216 | |
| | % OF TOTAL | 29.97% | 6.04% | 23.93% | |
| | TOTAL OUTSTANDING SHARES | 1,617,010,000 | 1,617,010,000 | 1,617,010,000 | |

**Shareholding Structure as at December 31, 2016**

| C & I LEASING PLC RANGE ANALYSIS AS OF CLOSE OF BUSINESS 31 DECEMBER, 2016 | | | | |
|---|---|---|---|---|
| Range | No Of Holders | % | Unit | % |
| 1 - 10000 | 11,050 | 63.91% | 43,860,059 | 2.71% |
| 10001 - 50000 | 4,475 | 25.88% | 105,424,608 | 6.52% |
| 50001 - 100000 | 807 | 4.67% | 63,941,004 | 3.95% |
| 100001 - 500000 | 702 | 4.06% | 156,695,693 | 9.69% |
| 500001 - 1000000 | 107 | 0.62% | 81,938,009 | 5.07% |
| 1000001 - 5000000 | 110 | 0.64% | 248,034,755 | 15.34% |
| 5000001 - 10000000 | 17 | 0.10% | 112,490,647 | 6.96% |
| 10000001 - 50000000 | 17 | 0.10% | 382,427,469 | 23.65% |
| 50000001 - 100000000 | 4 | 0.02% | 282,197,403 | 17.45% |
| 100000001 - 500000000 | 1 | 0.01% | 140,000,353 | 8.66% |
| Grand Total | 17,290 | 100% | 1,617,010,000 | 100% |

**POST BALANCE SHEET EVENTS**

There were no significant events after the balance sheet date that could affect the reported amount of assets and liabilities as of balance sheet date.

**HUMAN RESOURCES**

**Employment of Disabled Persons**

The Company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitude. The Company's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. Thus, we provide employment opportunities to disabled persons. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Company's working environment. It is the policy of the company that the training, career development and promotion of disabled persons should as far as possible be identical with that of other employees.

**Employee Involvement and Training**

The Company continues to place premium on its human capital development for improved efficiency of the business and maintenance of a strategic manpower advantage over competition. During the year under review, C & I Leasing Plc invested in the training and development of its workforce through in-house and external training programmes, while continuously encouraging employees to develop themselves to their full potentials.

**Health, Safety & Environmental Policy**
C & I Leasing Plc is committed to managing a health and safety system that promotes a safe working environment for all employees, customers and visitors to the company. We have a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Employees are adequately insured against occupational and other hazards. Furthermore, top health care providers have been carefully selected under health management organizations to look after the health care needs of employees and their immediate families at the expense of the company. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises while occasional fire drills are conducted to create awareness amongst staff.

Health, Safety and Environment workshops amongst others are organized for all employees with a broad focus on good housekeeping to ensure a safe working environment. Regularly, the Company updates its staff on current issues as they relate to diseases including High Blood Pressure, Blood Sugar abnormalities and other serious diseases through pep talks, health assessments and information sharing.

In addition, the Company operates both a Group Personal Accident and the Workmen Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act of July 2014. It is the policy of the Company to provide a safe and healthy working environment in all its facilities, and to comply with all laws and regulations pertaining to health and safety of its employees.

**CORPORATE RISK AND INTERNAL CONTROL SYSTEMS**
C & I Leasing Plc has well - established internal control system for identifying, managing and monitoring risk. These are designed to provide reasonable assurance that the risks facing the business are being controlled. The corporate internal audit function of the company plays a key role in providing an objective view and continuing assessment of effectiveness of internal control systems in the business.
The system of internal controls are implemented and monitored by appropriately trained personnel and their duties and reporting lines are clearly defined. The reports of the

internal control are reviewed by the Audit Committee. The company also has a corporate risk committee consisting of one executive director and three non-executive directors. They are responsible for identifying, evaluating, and managing the potential risks faced by the Company. The committee reports to the Board.

**AUDIT COMMITTEE**

The Company has an Audit Committee set up in accordance with the provisions of Section 359(3) of the Companies and Allied Matters Act Cap. C20 Laws of the Federation of Nigeria, 2004. It comprises six members made up of three representative of the Board of directors nominated by the Board and three representative of shareholders elected at the annual general meeting for a tenure of one year till the conclusion of the 2016 AGM.

The statutory functions of the Committee as provided for in Section 359(6) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004 are as follows:

1. Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
2. Review the scope and planning of audit requirement;
3. Review the finding on management letters in conjunction with the external auditors and departments responsible there on;
4. Keep under review the effectiveness of the company's system of accounting and internal control;
5. Make recommendations to the Board in regard to the appointment, removal and remunerations of the external auditors of the company and;
6. Authorize the internal auditors to carry out investigation into any activities of the company which may be of interest or concern to the committee.

The Audit Committee met six times (January 27, 2016; March 15, 2016; March 22, 2016, July 21, 2016; October 24, 2016 and December 8, 2016) during the year under review with details of attendance as follows:

| ATTENDANCE FOR AUDIT COMMITTEE MEETING | No. of meetings held | No. of meetings attended |
|---|---|---|
| MR. S.B. ADERENLE | 6 | 6 |
| MR. FEMI ODUYEMI | 6 | 6 |
| MRS CHRISTIE VINCENT-UWALAKA | 6 | 6 |
| PRINCESS (MRS.) N. U. I. UCHE | 6 | 6 |
| MR. IKECHUKWU DURU | 6 | 5 |
| MR. TUNDE ALAO-OLAIFA | 6 | 5 |

**INDEPENDENT AUDITORS**

In accordance with section 357 (2) of the Companies and Allied Matters Act, LFN 2004, CAP 20, the auditors, PKF Professional Services (Chartered Accountants) have indicated their willingness to continue in office. A resolution will be proposed at the Annual General Meeting to authorize the Directors to fix the remunerations of the auditors.

Dated March 20, 2017

By Order of the Board

G. MBANUGO UDENZE – FRC/2014/NBA/00000008124
For: MBANUGO UDENZE & CO.
COMPANY SECRETARY

# Audit Committee Report to the Members of C&I Leasing Plc

In compliance with Section 359 (6) of the Companies and Allied Matters Act 2004, the Audit Committee of the Company carried out its statutory functions with respect to the Financial Statements for the year ended 31st December, 2016.

We confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices and that the scope of planning of both the external and internal audit programs are extensive enough to provide a satisfactory evaluation of efficiency of the Internal Control Systems.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2016 were adequate and the management responses to the Auditors findings were satisfactory.

Dated this 15th day of March, 2017

CHRISTIE O. VINCENT-UWALAKA
FRC/2013/ICAN/00000002666
For: Audit Committee

Members of the Audit Committee

Mr. S. B. Adenrele - Chairman
Mr. Femi Oduyemi
Mrs. Christie O. Vincent-Uwalaka
Princess (Mrs.) N. U. I. Uche
Mr. Ikechukwu Duru
Mr. Omotunde Alao-Olaifa

# Statement of directors' responsibilities in relation to the preparation of consolidated financial statements for the year ended 31 December 2016

"In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Company, and of the financial performance for the year. The responsibilities include ensuring that:

(a) appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

(b) the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

(c) the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Company will not continue in business.

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 International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the financial performance for the year.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the 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 twelve months from the date of this statement.

Signed on behalf of the Directors by:

Emeka Ndu
Vice Chairman
FRC/2013/ICAN/00000003955
Dated: 20 March 2017

Andrew Otike-Odibi
Managing Director
FRC/2013/ICAN/00000003945
Dated: 20 March 2017

# Independent Auditor's Report to the Shareholders of C&I leasing Plc

PKF
Accountants & business advisers

## Report on the financial statements

### Opinion

We have audited the consolidated financial statements of C & I Leasing Plc (''the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN and other relevant Central Bank of Nigeria circular.

### 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters below relate to the audit of the consolidated financial statements.

| Key Audit Matters | How the matters were addressed in the audit |
|---|---|
| **1. Information Technology (IT) systems and control over financial reporting**<br><br>A significant part of the Group's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to.<br><br>These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner.<br>The Group uses a vendor customized Enterprise Resource Planning application (SAGE X3).<br><br>The Group has an IT division that manages the IT function, and/or to assist with operational requirements (it also engages service providers for major functions).<br><br>As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, a high proportion of the overall audit effort was in this area. | We focused our audit on those IT systems and controls that are significant for the Company financial reporting process.<br><br>As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit.<br><br>We assessed and tested the design and operating effectiveness of the Group’s IT controls, including those over users access and change management as well as data reliability.<br><br>In a limited number of cases we adjusted our planned audit approach as follows:<br><br>• We extended our testing to identify whether there had been unauthorised or inappropriate access or changes made to critical IT systems and related data;<br>• Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative controls; and<br>• Where required, we performed a greater level of testing to validate the integrity and reliability of associated data reporting. |

| 2. **Trade and other receivables - impairment** | |
|---|---|
| Trade receivables are stated at their original invoiced value less appropriate allowance for estimated irrecoverable amounts. As disclosed in note 12 and note 38 to the consolidated financial statements, the Group assesses at each reporting date whether there is objective evidence that financial asset is impaired. In carrying out this assessment, management relies on entity-developed internal models.<br><br>There is significant measurement uncertainty involved in this assessment, which makes it a key audit matter. | We focused our testing of the impairment of trade and other receivables on the key assumptions made by the management.<br><br>Our audit procedures included:<br>• Understand, evaluate and validate controls over recognition and measurement.<br>• Understand, evaluate and validate contracts over recognition and measurement.<br>• Review, evaluate and validate agreement over credit process including age analysis of loan customers.<br>• Evaluate whether the model used to calculate the recoverable amount complies with the requirement of IAS 39. |

**Other Information**

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated 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 appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria

Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN and other relevant Central Bank of Nigeria circular 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 consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

II. The Company and its subsidiaries have kept proper books of account, which are in agreement with the consolidated statement of financial position, and consolidated statement of comprehensive income as it appears from our examination of their records;

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

IV. In compliance with the Banks and other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 and circulars issued by Central Bank of Nigeria, we confirm that: Related party transactions and balances are disclosed in note 61 of the financial statements.

Abdussalaam A. Najeeb, FCA
FRC/2013/ICAN 00000000753
For: PKF Professional Services
Chartered Accountants
Lagos, Nigeria

Dated: 20 March 2017

# Financial Statements

# Consolidated Statement of Financial Position as at 31 December 2016

| | Notes | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances with banks | 10 | **983,183** | 1,417,825 | **255,259** | 657,616 |
| Loans and receivables | 11 | **226,512** | 471,528 | **226,512** | 471,528 |
| Trade and other receivables | 12 | **9,962,673** | 6,542,523 | **16,527,685** | 11,945,566 |
| Finance lease receivables | 13 | **1,728,632** | 2,433,283 | **1,724,539** | 1,919,164 |
| Available for sale assets | 14 | **20,044** | 15,379 | **20,044** | 15,379 |
| Investment in subsidiaries | 15 | **-** | - | **758,967** | 1,458,967 |
| Other assets | 16 | **314,778** | 160,990 | **122,411** | 153,703 |
| Inventories | 17 | **229,219** | 431,200 | **229,219** | 62,992 |
| Operating lease assets | 18 | **22,521,767** | 15,475,375 | **5,124,241** | 5,384,311 |
| Property, plant and equipment | 19 | **1,479,740** | 1,418,287 | **1,144,951** | 1,094,794 |
| Intangible assets | 20 | **27,631** | 34,321 | **24,472** | 34,321 |
| Current income tax assets | 24.2 | **26,556** | 22,699 | **-** | - |
| Deferred income tax assets | 24.3 | **850,965** | 854,607 | **854,607** | 813,120 |
| **Total assets** | | **38,371,700** | 29,278,017 | **27,012,907** | 24,011,461 |
| **Liabilities** | | | | | |
| Balances due to banks | 21 | **910,963** | 718,804 | **803,740** | 677,208 |
| Commercial notes | 22 | **7,060,371** | 5,598,090 | **7,337,187** | 5,587,884 |
| Trade and other payables | 23 | **5,300,648** | 3,261,843 | **4,669,794** | 3,041,772 |
| Current income tax liability | 24.2 | **102,392** | 464,216 | **102,393** | 440,816 |
| Borrowings | 25 | **16,699,543** | 13,356,957 | **8,377,788** | 7,610,963 |
| Retirement benefit obligations | 27 | **37,024** | 47,989 | **37,024** | 47,989 |
| Deferred income tax liability | | **167,732** | 141,125 | **-** | - |
| **Total liabilities** | | **30,278,673** | 23,589,024 | **21,327,926** | 17,406,632 |
| **Equity** | | | | | |
| Share capital | 28 | **808,505** | 808,505 | **808,505** | 808,505 |
| Deposit for shares | 29 | **2,466,012** | 2,453,528 | **2,466,012** | 2,453,528 |
| Share premium | | **679,526** | 679,526 | **679,526** | 679,526 |
| Statutory reserve | 30 | **1,039,228** | 829,325 | **651,203** | 651,203 |
| Statutory credit reserve | 31 | **626,343** | 613,725 | **613,585** | 597,077 |
| Retained earnings | 32 | **511,859** | (54,767) | **(176,753)** | 1,223,732 |
| Foreign currency translation reserve | 33 | **1,097,318** | (393,369) | **-** | (384,323) |
| AFS fair value reserve | 34 | **(848)** | (5,513) | **(848)** | (5,513) |
| Revaluation reserve | 35 | **643,246** | 581,094 | **643,751** | 581,094 |
| | | **7,871,189** | 5,512,054 | **5,684,981** | 6,604,829 |
| Non-controlling interest | 36 | **221,838** | 176,939 | **-** | - |
| **Total equity** | | **8,093,027** | 5,688,993 | **5,684,981** | 6,604,829 |
| **Total liabilities and equity** | | **38,371,700** | 29,278,017 | **27,012,907** | 24,011,461 |

These consolidated financial statements were approved by the Board of Directors on 20 March,2017 and signed on its behalf by :

**Emeka Ndu**
**Vice Chairman**
FRC/2013/ICAN/00000003955

**Andrew Otike-Odibi**
**Managing Director**
FRC/2013/ICAN/00000003945

**Alexander Mbakogu**
**Chief Financial Officer**
FRC/2015/ICAN/00000011740

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Income Statement for the year ended 31 December 2016

| | Notes | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|---|
| **Gross earnings** | | **17,015,799** | 14,577,657 | **14,511,291** | 12,847,336 |
| Lease rental income | 39 | **9,110,756** | 8,177,053 | **6,734,162** | 6,690,641 |
| Lease interest expenses | 40 | **(2,750,118)** | (2,193,854) | **(1,503,388)** | (1,355,274) |
| **Net lease rental income** | | **6,360,638** | 5,983,199 | **5,230,774** | 5,335,367 |
| Outsourcing income | 41 | **5,897,682** | 5,509,121 | **5,897,682** | 5,509,121 |
| Outsourcing expenses | 41 | **(5,179,863)** | (4,821,896) | **(5,179,863)** | (4,821,896) |
| **Net outsourcing income** | | **717,819** | 687,225 | **717,819** | 687,225 |
| Vehicle sales | 42 | **386,584** | 259,185 | **386,584** | - |
| Vehicle operating expenses | 43 | **(345,959)** | (210,888) | **(345,959)** | - |
| **Net income from vehicle sales** | | **40,625** | 48,297 | **40,625** | - |
| Tracking income | 44 | **388,880** | 130,594 | **388,880** | 130,594 |
| Tracking expenses | 44 | **(287,233)** | (31,361) | **(287,233)** | (31,361) |
| Net tracking income | | **101,647** | 99,233 | **101,647** | 99,233 |
| Interest income | 45 | **8,927** | 20,391 | **8,927** | 170,580 |
| Other operating income | 46 | **1,222,970** | 481,313 | **1,095,056** | 346,400 |
| Operating expenses | 47 | **(2,741,266)** | (2,681,670) | **(4,316,854)** | (3,214,250) |
| | | **5,711,360** | 4,637,988 | **2,877,994** | 3,424,555 |
| Impairment charge | 38 | **(604,798)** | (130,020) | **(604,798)** | (129,237) |
| Depreciation expense | 48 | **(2,147,560)** | (1,968,852) | **(556,472)** | (1,174,806) |
| Personnel expenses | 49 | **(788,638)** | (762,388) | **(714,557)** | (647,069) |
| Distribution expenses | 50 | **(20,663)** | (13,479) | **(20,663)** | - |
| Other operating expenses | 51 | **(1,113,477)** | (1,297,610) | **(943,122)** | (1,067,609) |
| Profit on continuing operations before taxation | | **1,036,224** | 465,639 | **38,382** | 405,834 |
| **Income tax** | 24.1 | **(115,357)** | (316,871) | **(48,592)** | (262,803) |
| Profit after tax | | **920,867** | 148,768 | **(10,210)** | 143,031 |
| **Profit for the year** | | **920,867** | 148,768 | **(10,210)** | 143,031 |
| **Profit attributable to:** | | | | | |
| Owners of the parent | | **875,968** | 139,203 | **(10,210)** | 143,031 |
| Non-controlling interests | | **44,899** | 9,565 | **-** | - |
| | | **920,867** | 148,768 | **(10,210)** | 143,031 |
| Appropriation of profit attributable to owners of the parent: | | | | | |
| Transfer to statutory reserve | 30 | **209,903** | 106,804 | **-** | 42,909 |
| Transfer to retained earnings | 32 | **666,065** | 32,399 | **(10,210)** | 100,122 |
| | | **875,968** | 139,203 | **(10,210)** | 143,031 |
| Basic earnings per share [kobo] | 55 | **54.17** | 8.61 | **(0.63)** | 8.85 |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | Notes | N'000 | N'000 | N'000 | N'000 |
| **Continued operations** | | | | | |
| Profit for the year | | 920,867 | 148,768 | **(10,210)** | 143,031 |
| **Other comprehensive income** | | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | | |
| Exchange difference on translation of foreign operations and foreign currency denominated loan balances hedged | | 1,490,686 | (597,711) | - | (222,493) |
| Net gain on available financial assets | | 4,665 | (350) | 4,665 | (350) |
| **Items that will not be reclassified to profit or loss** | | | | | |
| Surplus on revaluation of property, plant and equipment | | 62,657 | 96,191 | 62,657 | 96,191 |
| Other comprehensive income (net of tax) | | 1,558,008 | (501,870) | 67,322 | (126,652) |
| Total comprehensive income (net of tax) | | **2,478,875** | **(353,102)** | **57,112** | **16,379** |
| **Attributable to:** | | | | | |
| Owners of the parent | | 2,433,976 | (362,667) | **57,112** | 16,379 |
| Non-controlling interest | | 44,899 | 9,565 | **-** | - |
| | | **2,478,875** | **(353,102)** | **57,112** | **16,379** |

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flowsfor the year ended 31 December 2016.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | **Notes** | **N'000** | N'000 | **N'000** | N'000 |
| **Cash flows from operating activities** | | | | | |
| Cashflows generated from operating activities | 52 | **230,631** | (126,707) | **(281,180)** | (1,629,835) |
| Lease rental income | | **9,057,602** | 8,177,053 | **6,734,162** | 6,690,641 |
| Outsourcing income | | **5,897,682** | 5,509,121 | **5,897,682** | 5,509,121 |
| Interest income received | | **8,927** | 20,391 | **8,927** | 170,580 |
| Vehicle sales income | | **386,584** | 259,185 | **386,584** | - |
| Tracking and tagging income | | **388,880** | 99,233 | **388,880** | 130,594 |
| Other income received | | **(137,344)** | 134,060 | **(209,996)** | 57,803 |
| Investment income received | | **7,125** | 108,171 | **7,125** | 108,171 |
| Retirement benefit obligations paid | | **(680,474)** | (207,546) | **(498,330)** | (207,546) |
| Cash payment to employees and suppliers | | **(10,169,188)** | (9,456,443) | **(11,500,356)** | (9,630,223) |
| Income tax paid | | (394,892) | (40,957) | **(88,416)** | (23,802) |
| **Net cash provided by operating activities** | | 4,595,532 | 4,475,561 | **845,083** | 1,175,504 |
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of operating lease assets | | **121,681** | 217,476 | **22,530** | 194,599 |
| Proceeds from sale of property, plant and equipment | | **4,877** | 61,359 | **2,125** | 870 |
| Purchase of operating lease assets | 18 | **(5,741,808)** | (5,300,265) | **(542,910)** | (766,749) |
| Purchase of property, plant and equipment | 19 | **(95,391)** | (262,652) | **(51,636)** | (31,314) |
| Acquisition of intangible assets | 20 | **(21,231)** | (9,556) | **(6,100)** | (9,556) |
| Net cash provided by investing activities | | (5,731,872) | (5,293,638) | **(575,990)** | (612,150) |
| **Cash flows from financing activities** | | | | | |
| Dividend paid | | **(82,930)** | (124,645) | **(61,419)** | (120,025) |
| Interest on finance lease facilities and loans | | **(2,750,118)** | (2,193,854) | **(1,503,388)** | (1,355,274) |
| Proceeds from borrowings | | **3,342,586** | 4,889,986 | **1,089,942** | 3,024,345 |
| Repayment of borrowings | | - | (1,944,599) | **(323,117)** | (1,944,599) |
| Net cash provided by financing activities | | 509,538 | 626,888 | **(797,982)** | (395,553) |
| Increase/(decrease) in cash and cash equivalents | | **(626,802)** | (191,190) | **(528,889)** | 167,801 |
| Cash and cash equivalents at the beginning of the year | | **699,022** | 890,211 | **(19,592)** | (187,393) |
| **Cash and cash equivalents at the end of the year** | 37 | 72,220 | 699,021 | (548,481) | (19,592) |

# Consolidated Statement of Changes in Equity for the year ended 31 December 2016

**Group**

| | Share capital N'000 | Share premium N'000 | Deposit for shares N'000 | Statutory Reserve N'000 | Statutory credit reserve N'000 | Retained earnings N'000 | Foreign currency translation reserve N'000 | AFS fair value reserve N'000 | Revaluation reserve N'000 | Non-controlling interest N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2016 | 808,505 | 679,526 | 2,453,528 | 829,325 | 613,725 | (54,767) | (393,369) | (5,513) | 581,094 | 176,939 | 5,688,993 |
| Changes in equity for the year ended December 2016 | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 875,968 | - | - | - | 44,899 | 920,867 |
| **Other comprehensive income** | | | | | | | | | | | |
| Fair value changes on available for sale financial assets | - | - | - | - | - | - | - | 4,665 | - | - | 4,665 |
| Surplus on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | 62,152 | - | 62,152 |
| Gain on foreign operations translation | - | - | - | - | (3,888) | - | 1,490,687 | - | - | - | 1,486,799 |
| Total comprehensive income for the year ended 31 December 2016 | - | - | - | - | (3,888) | 875,968 | 1,490,687 | 4,665 | 62,152 | 44,899 | 2,474,483 |
| Transfer between reserves | - | - | - | 209,903 | 16,506 | (226,409) | - | - | - | - | - |
| Dividend paid | - | - | - | - | - | (82,933) | - | - | - | - | (82,933) |
| Exchange difference on conversion of deposit for shares | - | - | 12,484 | - | - | - | - | - | - | - | 12,484 |
| | - | - | 12,484 | 209,903 | 16,506 | (309,342) | - | - | - | - | (70,449) |
| **At 31 December 2016** | **808,505** | **679,526** | **2,466,012** | **1,039,228** | **626,343** | **511,859** | **1,097,318** | **(848)** | **643,246** | **221,838** | **8,093,027** |
| At 1 January 2015 | 808,505 | 679,526 | 2,091,430 | 722,521 | 262,799 | 388,405 | 204,342 | (5,163) | 484,903 | 167,374 | 5,804,642 |
| **Changes in equity for the year ended 31 December 2015** | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 139,203 | - | - | - | 9,565 | 148,768 |
| **Other comprehensive income** | | | | | | | | | | | |
| Fair value changes on available for sale financial assets | - | - | - | - | - | - | - | (350) | - | - | (350) |
| Surplus on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | 96,191 | - | 96,191 |
| Gain on foreign operations translation | - | - | - | - | - | - | (597,711) | - | - | - | (597,711) |
| Total comprehensive income for the year | - | - | - | - | - | 139,203 | (597,711) | (350) | 96,191 | 9,565 | (353,102) |
| Transactions with owners | | | | | | | | | | | |
| Transfer between reserves | - | - | - | 106,804 | 350,926 | (457,730) | - | - | - | - | - |
| Exchange difference on conversion of deposit for shares | - | - | 362,098 | - | - | - | - | - | - | - | 362,098 |
| Dividend paid during the year | - | - | - | - | - | (124,645) | - | - | - | - | (124,645) |
| | - | - | 362,098 | 106,804 | 350,926 | (582,375) | - | - | - | - | 237,453 |
| **At 31 December 2015** | **808,505** | **679,526** | **2,453,528** | **829,325** | **613,725** | **(54,767)** | **(393,369)** | **(5,513)** | **581,094** | **176,939** | **5,688,993** |

# Consolidated Statement of Changes in Equity for the year ended 31 December 2016

**Company**

| | Share Capital N'000 | Share Premium N'000 | Deposit for shares N'000 | Statutory Reserve N'000 | Statutory credit reserve N'000 | Retained earnings N'000 | Foreign currency translation reserve N'000 | AFS fair value reserve N'000 | Revaluation reserve N'000 | Total equity N'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2016 | 808,505 | 679,526 | 2,453,528 | 651,203 | 597,077 | 1,223,732 | (384,323) | (5,513) | 581,094 | 6,604,829 |
| **Changes in equity for the year ended 31 December 2016** | | | | | | | | | | |
| Profit for the year | - | - | 12,484 | - | - | (10,210) | 384,323 | 4,665 | - | 391,262 |
| **Other comprehensive income** | | | | | | | | | | |
| Fair value changes on available for sale financial assets | - | - | - | - | - | - | - | - | - | - |
| Surplus on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | 62,657 | - |
| Total comprehensive income for the period ended 31 December 2016 | - | - | 12,484 | - | - | (10,210) | 384,323 | 4,665 | 62,657 | 453,919 |
| Transactions with owners | | | | | | | | | | |
| Transfer between reserves | - | - | - | - | - | - | - | - | - | - |
| Retained arising on merger | - | - | - | - | - | (1,312,347) | - | - | - | (1,312,347) |
| Dividends paid during the year | - | - | - | - | - | (61,419) | - | - | - | (61,419) |
| Exchange difference on translation | - | - | - | - | - | - | | - | - | - |
| | - | - | - | - | - | (1,373,766) | - | - | - | (1,373,766) |
| **At 31 December 2016** | 808,505 | 679,526 | 2,466,012 | 651,203 | 597,077 | (160,244) | - | (848) | 643,751 | 5,684,982 |
| At 1 January 2015 | 808,505 | 679,526 | 2,091,430 | 608,294 | 246,151 | 1,594,561 | (161,830) | (5,163) | 484,903 | 6,346,377 |
| **Changes in equity for the year ended 31 December 2015** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 143,031 | - | - | - | 143,031 |
| **Other comprehensive income** | | | | | | | | | | |
| Fair value changes on available for sale financial assets | - | - | - | - | - | - | - | (350) | - | (350) |
| Surplus on revaluation of property, plant and equipment | - | - | - | - | - | - | - | - | 96,191 | 96,191 |
| Loss on foreign currency translation | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year ended 31 December 2C | - | - | - | - | - | 143,031 | - | (350) | 96,191 | 238,872 |
| Transactions with owners | | | | | | | | | | |
| Transfer between reserves | - | - | - | 42,909 | 350,926 | (393,835) | (222,493) | | | (222,493) |
| Exchange difference on conversion of deposit for shares | - | - | 362,098 | - | - | - | - | - | - | 362,098 |
| Dividends paid during the year | - | - | - | - | - | (120,025) | - | - | - | (120,025) |
| Total transactions with owners | - | - | 362,098 | 42,909 | 350,926 | (513,860) | (222,493) | - | - | 19,580 |
| **At 31 December 2015** | **808,505** | **679,526** | **2,453,528** | **651,203** | **597,077** | **1,223,732** | **(384,323)** | **(5,513)** | **581,094** | **6,604,829** |

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

**1. The reporting entity**

These financial statements comprise the consolidated financial statements of C & I Leasing Plc (referred to as "the company" and its subsidiaries (referred to as "the group"). The Company was incorporated on 28 December 1990 and commenced business in June 1991. The Company was licensed by the Central Bank of Nigeria (CBN) as a finance company and is owned by a number of institutional and individuals investors. The company's shares were listed on the Nigerian Stock Exchange (NSE) in December 1997. The Company is regulated by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the NIgerian Stock Exchange (NSE) in addition, the Company renders annual returns to the Corporate Affairs Commission (CAC). As at period end, the Company has two subsidiary companies namely:

- Leasafric Ghana Limited
- EPIC International FZE, United Arab Emirates

The Registered office address of the company is at C & I Leasing Drive, Off Bisola Durosinmi Etti Drive, Lekki Phase 1, Lagos, Nigeria.

The principal activities of the Group are provision of equipment leasing, logistics solution in the form of car and marine vessel rentals, fleet management and automobile distribution through its main operating entity and its subsidiaries.

These consolidated financial statements cover the financial period from 1 January 2016 to 31 December 2016 with comparative for the period ended 31 December 2015.

The consolidated financial statements for the period ended 31 December 2016 were approved for issue by the Board of Directors on 20 March 2017.

**2. Basis of preparation**

**2.1 Statement of compliance with IFRSs**

The Group's financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by local regulators has been included where appropriate.

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

**2.2 Basis of measurement**

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value.

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

The preparation of consolidated 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 Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

**2.3 Functional and presentation currency**
The consolidated financial statements are presented in Naira, which is the Group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in Naira, which is the functional currency of the Company, and the presentational currency for the financial statements.

**2.4 Basis of consolidation**
The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December, 2016.
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on tranasctions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

**2.5 Summary of new and amended standards issued and effective during the years.**
During the year 2016, there were certain amendments and revisions to some of the standards. The nature and the impact of each new standard and amendments are described below.

**a. Amendments to "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations" Effective for annual periods beginning on or after 1 January 2016**
The amendment clarifies cases in which an entity reclassifies an asset from held for sale

to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**b. Amendments to "IFRS 7 Financial Instruments: Disclosures"**
The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of previous amendments to IFRS 7 issued in December 2011 with regards to offsetting financial assets and financial liabilities. Effective for annual periods beginning on or after 1 January 2016

**c. Amendments to IFRS 11 "Joint Arrangements" Accounting for Acquisitions of Interests in Joint Operations**

**Effective for annual periods beginning on or after 1 January 2016**
Amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions.

**d. "IFRS 14 Regulatory Deferral Accounts" Effective for entity's first annual IFRS financial statements for periods beginning on or after 1 January 2016**
The Standard permits first-time adopters to continue to recognise amounts related to its rate regulated activities in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.

**e. Amendments to "IAS 1 Presentation of Financial Statements"**
Effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

The amendments clarify that information should not be obscured by aggregating or by providing immaterial information. It also explains that materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

**f. Amendments to "IAS 16 Property, Plant and Equipment" Effective for annual periods beginning on or after 1 January 2016.**

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

**g. Amendments to "IAS 19 Employee Benefits" Effective for annual periods beginning on or after 1 January 2016**

The amendment clarifies the requirements of determining the discount rate in a regional market sharing the same currency (for example, the Eurozone).

**h. Amendments to "IAS 34 Interim Financial Reporting" Effective for annual periods beginning on or after 1 January 2016**

The Amendment discusses clarification of the meaning of disclosure of information 'elsewhere in the interim financial report.

**i. Amendments to "IAS 38 Intangible Assets" Effective for annual periods beginning on or after 1 January 2016**

Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

**j. Amendments to "IAS 41 Agriculture: Bearer Plants" Effective for annual periods beginning on or after 1 January 2016.**

Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.

**k. Amendments to "IAS 27 Separate Financial Statements" Effective for annual periods beginning on or after 1 January 2016.**

Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

**l. Amendments to "IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures"**
Effective for annual periods beginning on or after 1 January 2016.

The following issues have arisen in the context of applying the consolidation exception for investment entities:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

- When applying the equity method to an associate or a joint venture, a noninvestment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

**2.6 New standards, amendments and interpretations issued but not yet effective**
At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

**2.6.1 Amendments effective from annual periods beginning on or after 1 January 2017**

**a. Amendments to IFRS 12 Disclosure of Interests in Other Entities**
This amendment clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

**b. Amendments to IFRS for SMEs**
Three amendments are however of larger impact:

- The standard now allows an option to use the revaluation model for property, plant and equipment as not allowing this option has been identified as the single biggest impediment to adoption of the IFRS for SMEs in some jurisdictions in which SMEs commonly revalue their property, plant and equipment and/or are required by law to revalue property, plant and equipment;

- The main recognition and measurement requirements for deferred income tax have been aligned with current requirements in IAS 12 Income Taxes (in developing the IFRS for SMEs, the IASB had already anticipated finalization of its proposed changes to IAS 12, however, these changes were never finalized); and

- The main recognition and measurement requirements for exploration and evaluation assets have been aligned with IFRS 6 Exploration for and Evaluation of Mineral Resources to ensure that the IFRS for SMEs provides the same relief as full IFRSs for these activities.

**c. Amendments to IAS 7 Statement of Cash Flows**

This amendment to IAS7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

**d. Amendments to IAS 12 Income Taxes**

Amends to recognition of deferred tax assets for unrealized losses, IAS 12 Income Taxes clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

**2.6.2Amendments effective from annual periods beginning on or after 1 January 2018**

**a. Amendments to IFRS 2 Share-based Payment**

Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled

**b. Amendments to IFRS 4 Insurance Contracts**

Amends IFRS 4 Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so called overlay approach;

- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

**c. Amendments to IFRS 15 'Revenue from Contracts with Customers**

IFRS 15 provides a single, principles based five step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Amends IFRS 15 Revenue from Contracts with Customers also clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts

**d. Amendments to IFRS 9 Financial Instruments**

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized

- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

- Derecognition. The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

**e. Amendments to IAS 40 Investment Property**

Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

**f. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards**

Amendments' resulting from Annual Improvements 2014–2016 Cycle, the amendment deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.

**g. Amendments to IAS 28 Investments in Associates and Joint Ventures**

This amendment Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition.

**2.6.3 Amendments effective from annual periods beginning on or after 1 January 2019**

**a. IFRS 16 'Leases'**

Effective for an annual periods beginning on or after 1 January 2019

- 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 assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.
  As a consequence, 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;

- 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 lease;

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently;

- 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;

- 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 assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.
  As a consequence, 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.

- 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 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

**2.6.4 New standards, amendments and interpretations issued but without an effective date**.

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

**a. Amendments to IFRS 9 Financial Instruments**

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)

- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognized in profit or loss

- All other instruments (including all derivatives) are measured at fair value with changes recognized in the profit or loss
- The concept of 'embedded derivatives' does not apply to financial assets within

the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Also a revised version of IFRS 9 incorporating requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

**b. Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures**

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

**3. Summary of significant accounting policies**

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

**3.1 Investments in subsidiaries**

The consolidated financial statements incorporates the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usally present when an entity has:

- Power over more than one-half of the voting rights of the other entity;
- Power to govern the financial and operating policies of the other entity;
- Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- Power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceased. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its separate financial statements, the Company accounts for its investment in subsidiaries at cost.

**3.2. Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group's share of changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

**3.3. Investments in joint ventures**

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

**3.4. Investments in special purpose entities (SPEs)**

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

**3.5. Intangible assets**

**3.5.1. Intangible assets acquired separately**

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

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

Amortization periods and methods are reviewed annually and adjusted if appropriate.

**3.5.2. Intangible assets generated internally**

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

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

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

**3.6. Property, plant and equipment**

**3.6.1. Initial recognition**

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, except for land and buildings to be reported at their revalued amount net of accummulated depreciation and/or accummulated impairment losses. Acquisition costs includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.  Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria is satisfied.

**3.6.2. Subsequent costs**

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

**3.6.3. Depreciation**

Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work in progress) are not depreciated.

Depreciation on property, plant and equipment and operating lease assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 2%
- Furniture and fittings 20%
- Plant and machinery 20%
- Motor vehicles/Autos and trucks 25%
- Office equipment 20%
- Marine equipment 5%
- Leased assets 20%
- Cranes 10%

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

**3.6.4. Derecognition**

An item of property,plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

### 3.6.5. Reclassifications

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

### 3.7. Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property. Investment property comprises freehold land and building and is recognised at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the Group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

**3.8. Discontinued operations and non-current assets held for sale**

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

**3.9. Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**3.10. Impairment of non-financial assets**

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of goodwill is not reversed.

**3.11. Financial instruments**
**3.11.1. Financial assets**
**i. Classification**

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

**3.11.1.1 Financial assets at fair value through profit or loss**

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

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

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

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

**3.11.1.2. Loans and receivables**

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

**3.11.1.3. Held-to-maturity financial assets**

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

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

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

**3.11.1.4. Available-for-sale financial assets**

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

**ii). Recognition and measurement**

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

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method, except when there is insufficient information at transition date, when it is carried at book values.

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.
Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established; both are included in the investment income line.

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

The quoted market price used for financial assets held by the Group is the current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

**iii). Reclassifications**

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

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

**iv). Derecognition**

The Group derecognises a financial asset only when the conctractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial financial asset, the Group continues to recognise the financail asset and also recognises a collateralised borrowing for the proceeds received.

**3.11.2. Financial liabilities**

The Group's financial liabilities as at statement of financial position date include 'Borrowings' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

**3.11.2.1. Interest bearing borrowings**
Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest 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 method.

**3.11.3. Impairment of financial assets**

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

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

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

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

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

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

**3.11.3.2. Assets classified as available for sale**

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

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

**3.11.4. Offsetting financial instruments**
Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

For the purpose of preparing the statement of cashflows, cash and cash equivalents are reported net of balances due to banks.

**3.14. Leases**
Leases are divided into finance leases and operating leases.

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

**3.14.1. The Group is the lessor**

**3.14.1.1. Operating leases**

When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset.

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.

**3.14.1.2. Finance leases**

When assets are held subject to  a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The diffrence between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recogncised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

**3.14.2. The Group is the lessee**

**3.14.2.1. Finance leases**

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.

The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

**3.14.2.2. Operating leases**

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

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

**3.15. Trade and other payables**

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

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

**3.16. Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

**3.17. Retirement benefits**

**3.17.1. Defined contribution plan**

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

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

Employees contribution of 7.5% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes the remainder to make a total contribution of 15% of the total emoluments as required by the Pension Reform Act 2004. The Company's contribution to the pension's scheme is charged to the profit or loss account.

**3.17.1. Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a define contribution plan. The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.

The Group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

**3.17.3. Termination benefits**

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

**3.17.4. Short term employee benefits**

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

**3.18. Taxation**

**3.18.1. Current income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

**3.18.2. Deferred income tax**

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss on disposal.

**3.19. Provisions**

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

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

**3.19.1. Warranty**

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

**3.19.2. Restructuring**

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

**3.19.3. Onerous contract**

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

**3.20. Equity instruments**

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

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

**3.21. Compound instruments**

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

**3.22. Share based payments**

Employee share options are measured at fair value at grant date. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

**3.23. Revenue recognition**

This relates to the provision of service or sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably , there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

**3.23.1. Income from operating leases**

Lease income from operating leases is recognised in income statement on a straight-line basis over the lease term on a systematic basis which is representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred by the company in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of penalty is recognised in income statement in the period in which termination takes place.

**3.23.2. Income from finance leases**

The recognition of income from finance lease is based on a pattern reflecting a constant periodic rate of return on C & I Leasing's net investment in the finance lease. C & I Leasing Plc therefore allocates finance income over the lease term on a systematic and rational basis reflecting this pattern. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

**3.23.3. Personnel outsourcing income**
The group is involved with outsourcing contracts in which human capital of varying skills are outsourced to various organisations. The group pays the remuneration of such personnel on a monthly basis and invoice the clients costs incurred plus a margin. As costs and income associated with this service can be estimated reliably and service completed.

**3.23.4. Service charge income**
This represents charges for other services rendered to finance lease customers. The services are rendered periodically on a monthly basis and income is recognised when all the followings are satisfied:

i. The amount of revenue can be measured reliably
ii. It is probable that the economic benefits associated with the transaction will flow to the group
iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably and
iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

**3.23.6. Rental income**
Rental income is recognized on an accrued basis.

**3.23.7. Realised gains and losses**
The realised gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and it original or amortised costs as appropriate.

**3.24. Foreign currency translation**

**3.24.1. Foreign currency transactions and balances**
Transactions in foreign currencies are translated to the respective functional currencies of the entities within the Group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

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

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

**3.24.2. Foreign operations**

The functional currency of the parent Company and the presentation currency of the financial statements is Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate. Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

**4. Segment reporting**

The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, C&I Leasing's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer Group and business activity by geographical region.

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intrasegment revenue and costs being eliminated in Head office. Income and expenses directly associated with each segment are included in determining business segment performance.

**5. Critical accounting estimates and judgment**

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

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

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

**5.1. Impairment of available-for-sale equity financial assets**

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

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

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

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

**5.2. Determination of impairment of non-financial assets**

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

**5.3. Depreciable life of property, plant and equipment**

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment and will have an impact on the carrying value of these items.

**6. Financial instruments and fair values**

As explained in Note 3.11, financial instruments have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognised in the statement of comprehensive income either through the income statement or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the income statement of the statement of comprehensive income. Therefore the financial instruments carried in the statement of financial position are shown based on their classifications in the table below:

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

**6.1 Classes of financial instrument**

| Group | Financial assets | | | | Financial liabilities | | |
|---|---|---|---|---|---|---|---|
| | Fair value through profit or loss N'000 | Loans and receivables N'000 | Available for sale N'000 | Held to maturity N'000 | Fair value through profit or loss N'000 | Amortised cost N'000 | Total carrying amount N'000 |
| **At 31 December 2016** | | | | | | | |
| **Assets** | | | | | | | |
| Cash and balances with banks | 983,183 | - | - | - | - | - | 983,183 |
| Loans and receivables | - | 226,512 | | | - | - | 226,512 |
| Finance lease receivables | - | 1,728,632 | - | - | - | - | 1,728,632 |
| Available for sale assets | - | - | 20,044 | - | - | - | 20,044 |
| Trade receivables | - | 9,962,673 | - | - | - | - | 9,962,673 |
| Other assets | - | 314,778 | - | - | - | - | 314,778 |
| | **983,183** | **12,232,594** | **20,044** | **-** | **-** | **-** | **13,235,821** |
| **Liabilities** | | | | | | | |
| Balances due to banks | - | - | - | - | 910,963 | - | 910,963 |
| Borrowings | - | - | - | - | - | 16,699,543 | 16,699,543 |
| Trade payables | - | - | - | - | - | 5,300,648 | 5,300,648 |
| | **-** | **-** | **-** | **-** | **910,963** | **22,000,191** | **22,911,154** |

| | Financial assets | | | | Financial liabilities | | |
|---|---|---|---|---|---|---|---|
| | Fair value through profit or loss N'000 | Loans and receivables N'000 | Available for sale N'000 | Held to maturity N'000 | Fair value through profit or loss N'000 | Amortised cost N'000 | Total carrying amount N'000 |
| **At 31 December 2015** | | | | | | | |
| **Assets** | | | | | | | |
| Cash and balances with banks | 1,417,825 | - | - | - | - | - | 1,417,825 |
| Loans and receivables | - | 471,528 | | | | | 471,528 |
| Finance lease receivables | - | 2,433,283 | - | - | - | - | 2,433,283 |
| Available for sale assets | - | - | 15,379 | - | - | - | 15,379 |
| Trade and other receivables | - | 6,542,523 | - | - | - | - | 6,542,523 |
| | **1,417,825** | **9,447,334** | **15,379** | **-** | **-** | **-** | **10,880,538** |
| **Liabilities** | | | | | | | |
| Balances due to banks | - | - | - | - | 718,804 | - | 718,804 |
| Borrowings | - | - | - | - | - | 13,356,957 | 13,356,957 |
| Trade and other payables | - | - | - | - | - | 3,261,843 | 3,261,843 |
| Other liabilities | - | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **718,804** | **16,618,800** | **17,337,604** |

# Notes to the Consolidated Financial Statement
# for the year ended 31 December 2016

| | Financial assets | | | | Financial liabilities | | |
|---|---|---|---|---|---|---|---|
| | Fair value through profit or loss N'000 | Loans and receivables N'000 | Available for sale N'000 | Held to maturity N'000 | Fair value through profit or loss N'000 | Amortised cost N'000 | Total carrying amount N'000 |
| **Company** | | | | | | | |
| **At 31 December 2016** | | | | | | | |
| **Assets** | | | | | | | |
| Cash and balances with banks | 255,259 | - | - | - | - | - | 255,259 |
| Loans and receivables | - | 226,512 | - | - | - | - | 226,512 |
| Finance lease receivables | - | 1,724,539 | - | - | - | - | 1,724,539 |
| Available for sale assets | - | - | 20,044 | - | - | - | 20,044 |
| Other assets | - | 122,411 | - | - | - | - | 122,411 |
| | **255,259** | **2,073,462** | **20,044** | **-** | **-** | **-** | **2,348,765** |
| **Liabilities** | | | | | | | |
| Balances due to banks | - | - | - | - | 803,740 | - | 803,740 |
| Borrowings | - | - | - | - | - | 8,377,788 | 8,377,788 |
| | **-** | **-** | **-** | **-** | **803,740** | **8,377,788** | **9,181,528** |
| **At 31 December 2015** | | | | | | | |
| **Assets** | | | | | | | |
| Cash and balances with banks | 657,616 | - | - | - | - | - | 657,616 |
| Loans and receivables | - | 471,528 | - | - | - | - | 471,528 |
| Finance lease receivables | - | 1,919,164 | - | - | - | - | 1,919,164 |
| Available for sale assets | - | - | 15,379 | - | - | - | 15,379 |
| Trade and 0ther receivables | - | 11,945,566 | - | - | - | - | 11,945,566 |
| | **657,616** | **14,336,258** | **15,379** | **-** | **-** | **-** | **15,009,253** |
| **Liabilities** | | | | | | | |
| Balances due to banks | - | - | - | - | 677,208 | - | 677,208 |
| Borrowings | - | - | - | - | - | 7,610,963 | 7,610,963 |
| Trade and other payables | - | - | - | - | - | 3,041,772 | 3,041,772 |
| Other liabilities | | | | | | | |
| | **-** | **-** | **-** | **-** | **677,208** | **10,652,735** | **11,329,943** |

## 6.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains recognised in a separate component of equity at the end of the reporting year.

The fair value of financial assets and liabilities at amortized cost.

**6.3. Fair value measurements recognised in the statement of financial position**

**Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value.

**6.3. Fair value measurements recognised in the statement of financial position (cont'd.)**

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group maintains quoted investments in the companies listed in Note 14 and were valued at N20,044,000 (December 2015: N15,379,000.00) which are categorised as level 1, because the securities are listed, however, there are no financial instruments in the level 2 and 3 categories for the year.

**7. Capital management**

In management of the Group capital, the Group's approach is driven by its strategy and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

**Tier 1 capital:** core equity tier 1 capital including ordinary shares, statutory reserve, share premium and retained earnings, intangible assets, and

**Tier 2 capital:** qualifying convertible loan capital, preference shares, collective impairment allowances, non-controlling interest and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The Central Bank of Nigeria prescribed a minimum limit of 12.5% of total qualifying capital/total risk-weighted assets as a measure of capital adequacy of finance companies in Nigeria. Furthermore, a finance company is expected to maintain a ratio of not less than 1:10 between its capital funds and net credits. Total qualifying capital consists of tier 1 and 2 capital less investments in unconsolidated subsidiaries and associates. The total risk-weighted assets reflects only credit and counterparty risk.

The Group achieved capital adequacy ratio 22% at the end of the period, compared to 20% recorded for the year ended 31 December, 2015 respectively.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years presented below. During those two years, the individual entities with the Group and the Group complied with all the externally imposed capital requirements to which they are subject.

| | Group | |
|---|---|---|
| | **2016** | **2015** |
| | **N'000** | N'000 |
| **Tier 1 capital** | | |
| Share capital | **808,505** | 808,505 |
| Share premium | **679,526** | 679,526 |
| Statutory reserve | **1,039,228** | 829,325 |
| Retained earnings | **511,859** | (54,767) |
| **Total qualifying for tier 1 capital** | **3,039,118** | 2,262,589 |
| **Tier 2 capital** | | |
| Deposit for shares | **2,466,012** | 2,453,528 |
| Statutory credit reserve | **626,343** | 613,725 |
| Exchange translation reserve | **1,097,318** | (393,369) |
| AFS fair value reserve | **(848)** | (5,513) |
| Revaluation reserve | **643,246** | 581,094 |
| **Total qualifying for tier 2 capital** | **4,832,071** | 3,249,465 |
| **Total regulatory capital** | 7,871,189 | 5,512,054 |
| **Risk - weighted assets** | | |
| On balance sheet | **36,483,365** | 27,254,148 |
| **Total risk weighted assets** | **36,483,365** | 27,254,148 |
| **Risk-weighted capital adequacy ratio (CAR)** | **22%** | 20% |

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

**8. Risk management framework**

The primary objective of C & I Leasing group's risk management framework is to protect the group's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

C & I Leasing Plc's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arised from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inablity to adapt to changes in its business environment.

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

Financial risks – Risk associated with the financial operation of the group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

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

**8.1. Strategic risks**

Capital management policies, objectives and approach.

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by C&I Leasing Plc.

To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.

To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

To retain financial flexibility by maintaining strong liquidity.

To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.

To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

C&I Leasing's operations are subject to regulatory requirements of Central Bank Nigeria (CBN) and Securities Exchange Commission (SEC), Nigerian Stock Exchange (NSE) in addition, annual returns must be submitted to Corporate Affairs Commission (CAC) on a regular basis.

**8.2. Operational risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

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

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

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

**8.3. Financial risks**

The group's operations exposes it to a number of financial risks. Adequate risk management procedures have been established to protect the group against the potential adverse effects of these financial risks.

There has been no material change in these financial risks since the prior year.The following are the risks the group is exposed to due to financial instruments:

- Credit risks
- Liquidity risks
- Market risks

### 8.3.1. Credit risks

Credit risks arise from a customer delays or outright default of lease rentals; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

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

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

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

**Exposure to risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

| | Group | |
|---|---|---|
| | **2016** | **2015** |
| | **N'000** | N'000 |
| **Financial assets** | | |
| Cash and balances with banks | **983,183** | 1,417,825 |
| Loans and receivables | **226,512** | 471,528 |
| Finance lease receivables | **1,728,632** | 2,433,283 |
| Available for sale assets | **20,044** | 15,379 |
| Trade receivables | **9,962,673** | 6,542,523 |
| Other assets | **314,778** | 160,990 |
| | **13,235,821** | **11,041,528** |

| | Company | |
|---|---|---|
| | **2016** | **2015** |
| | **N'000** | N'000 |
| **Financial assets** | | |
| Cash and balances with banks | **255,259** | 657,616 |
| Loans and receivables | **226,512** | 471,528 |
| Finance lease receivables | **1,724,539** | 1,919,164 |
| Available for sale assets | **20,044** | 15,379 |
| Trade and other receivables | **16,527,685** | 11,945,566 |
| Other assets | **122,411** | 153,703 |
| | **18,876,450** | **15,162,956** |

### 8.3.2. Liquidity risks

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

The Group maintains sufficient amount of cash for its operations. Management reviews cshflow forcasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. The Operations Committee has primary responsibility for compliance with regulations and company policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Group's assets are funded by borrowings from financial institutions. These borrowings, which are widely diversified by type and maturity, represent a stable source of funds.

**8.3.2 Liquidity risks**

Below is the contractual maturities of financial liabilities in Nigerian Naira presented in the consolidated financial statements.

| | Group | | |
|---|---|---|---|
| | **Current N'000** | **Non-current N'000** | **Total N'000** |
| **31 December 2016** | | | |
| Balance due to banks | 910,963 | - | 910,963 |
| Borrowings | 4,499,285 | 12,200,257 | 16,699,542 |
| Trade payables | - | - | - |
| | 5,410,248 | 12,200,257 | 17,610,505 |
| **31 December 2015** | | | |
| Balance due to banks | 718,804 | - | 718,804 |
| Borrowings | 3,435,761 | 10,430,728 | 13,866,489 |
| Trade and other payables | 3,261,843 | - | 3,261,843 |
| | 7,416,408 | 10,430,728 | 17,847,136 |

| | Company | | |
|---|---|---|---|
| | **Current N'000** | **Non-current N'000** | **Total N'000** |
| **31 December 2016** | | | |
| Balance due to banks | 803,740 | - | 803,740 |
| Borrowings | 2,620,373 | 4,766,746 | 7,387,119 |
| Other liabilities | 4,669,794 | - | 4,669,794 |
| | **8,093,907** | **4,766,746** | **12,860,653** |
| **31 December 2015** | | | |
| Balance due to banks | 677,208 | - | 677,208 |
| Borrowings | 2,404,240 | 5,206,722 | 7,610,962 |
| Trade and other payables | 3,041,772 | - | 3,041,772 |
| | 6,123,220 | 5,206,722 | 11,329,942 |

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

The Group's focus on the maturity analysis of its financial liabilities is as stated above, the Group classifies its financial liabilities into those due within one year (current) and those due after one year (non-current).

The contractual cashflows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

The financial liabilities affected by discounting are the long term borrowings (including the current portion), all other financial liabilities stated are assumed to approximate their carrying values due to their short term nature and are therefore not discounted.

**8.3.3. Market risk**

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

**8.3.4. Currency risk**

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

The Group is exposed to foreign currency risk as a result of its foreign subsidiary as well as foreign borrowings (usually denominated in US Dollars)

The Group's principal transactions are carried out in Naira and its financial assets are primarily denominated in Nigerian Naira, except for its subsidiaries- Leasafric Ghana Limited and EPIC International FZE, U.A.E.; whose transactions are denominated in Ghanian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in this period as a result of translation has been recognised in the statement of other comprehensive income.

The Group foreign currency risk exposure arises also from long term borrowings from Aureos Africa LLC denominated in United States Dollar. The borrowings have the option of being convertible at the end of the tenor, and as such the impact of fluctuations in these commitments on the financial statements as a whole are considered minimal and reasonable as a result of the stable market.

**8.3.5. Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used by the group. Interest bearing assets comprise cash and cash equivalents and loans to subsidiaries which are considered short term liquid assets. The group's interest rate liability risk arises primarily from borrowings issued at variable interest rates which exposes the group to cash flow interest rate risk. It is the group's policy to settle trade payables within the credit limit terms allowed, thereby not incurring interest on overdue balances. Borrowings are sourced from both local and foreign financial markets, covering short and long term funding.

The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

**8.3.6. Market price risk**

Investments by the Group in available for sale financial assets expose the Group to market (equity) price risk. The impact of this risk on the financial statements is considered positive because of the continous increase and stability in value of equities in the past few years. Furthermore, there was a positive impact on the income statement because of the portion of investment disposed off during the period - equity shares in Guaranty Trust Bank (Gross Domestic Receipt), however all other gains due to increase in market prices were recorded in the fair value reserve through the other comprehensive income.

**9. Statement of prudential adjustment**

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/ provision, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for financial institutions in Nigeria stipulates that financial institutions would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Other Financial Institutions would be required to comply with the following:

a. Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained earnings account to a "statutory credit reserve.

- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the income statement. The cumulative balance in the statutory credit reserve is thereafter reversed to the retained earnings account.

b. The non-distributable reserve should be classified under equity as part of the core capital.

During the year ended 31 December 2016, the Company has transferred N16,506,000 (31 December 2015 : N390,744,921) to the statutory credit reserve. This is because the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN), is higher than the impairment allowance as determined in line with IAS 39 as at the year then ended.

In line with the same directive of the CBN, the Company has reconciled the statutory credit reserve as at 31 December 2016, by comparing the provision and impairment as determined under both bases. A reconciliation of this amount is provided below:

| | **2016 N'000** | 2015 N'000 |
|---|---|---|
| **Company** | | |
| Total IFRS impairment losses | **1,493,735** | 858,466 |
| Prudential provisions | **(2,107,317)** | (1,209,392) |
| **Transfer to statutory credit reserve** | **(613,582)** | (350,926) |
| **Analysis of the IFRS impairment losses** | | |
| Finance lease receivables (Note 38.1) | **17,419** | 19,385 |
| Lease rental due (Note 38.1) | **468,042** | 206,221 |
| Loans and receivables (Note 38.1) | **4,096** | 4,096 |
| Other assets (Note 38.1) | **1,004,178** | 628,764 |
| **Total IFRS impairment losses** | **1,493,735** | 858,466 |
| **Analysis of the provision for loan losses per prudential guidelines** | | |
| Finance lease receivables | **19,485** | 19,385 |
| Lease rental due | **405,954** | 248,511 |
| Loans and advances | **4,447** | 4,447 |
| Other assets | **1,677,431** | 937,049 |
| **Total prudential provision for losses** | **2,107,317** | 1,209,392 |

## Notes to the Consolidated Financial Statement for the year ended 31 December 2016

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **10.** | **Cash and balances with banks** | | | | |
| | Cash in hand | **10,359** | 3,477 | **9,664** | 3,300 |
| | Current balances with banks | **312,613** | 998,290 | **245,595** | 654,316 |
| | Placement with bank | **660,211** | 416,058 | **-** | - |
| | | **983,183** | 1,417,825 | **255,259** | 657,616 |
| **11.** | **Loans and receivables** | | | | |
| | Lease rental due | **607,033** | 660,187 | **607,033** | 660,187 |
| | Loans and advances | **91,615** | 21,657 | **91,615** | 21,657 |
| | | **698,648** | 681,844 | **698,648** | 681,844 |
| | Impairment allowance (Note 11.3) | **(472,136)** | (210,316) | **(472,136)** | (210,316) |
| | | **226,512** | 471,528 | **226,512** | 471,528 |
| **11.1** | **Analysis of loans and receivables by security** | | | | |
| | Secured | **-** | - | **-** | - |
| | Otherwise secured | **698,648** | 681,844 | **698,648** | 681,844 |
| | | **698,648** | 681,844 | **698,648** | 681,844 |
| **11.2** | **Loans and receivables are further analysed as follows:** | | | | |
| | Less than one year | **412,426** | 379,234 | **408,760** | 379,234 |
| | More than one year and less than five years | **286,222** | 302,610 | **289,888** | 302,610 |
| | More than five years | **-** | - | **-** | - |
| | | **698,648** | 681,844 | **698,648** | 681,844 |
| **11.3** | **Impairment allowance on loans and receivables** | | | | |
| | Lease rental due | **468,041** | 206,221 | **468,041** | 206,221 |
| | Loans and advances | **4,095** | 4,095 | **4,095** | 4,095 |
| | | **472,136** | 210,316 | **472,136** | 210,316 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **11.4** | **Analysis of impairment allowance - Lease rental due** | | | | |
| | Specific impairment | **430,882** | 182,069 | **430,882** | 182,069 |
| | Collective impairment | **37,160** | 24,152 | **37,160** | 24,152 |
| | | **468,042** | 206,221 | **468,042** | 206,221 |
| **11.4.1** | **Movement in impairment allowance - Lease rental due** | | | | |
| | At the beginning of the year | **206,221** | 169,674 | **206,221** | 169,674 |
| | Charge for the year | **261,821** | 36,547 | **261,821** | 36,547 |
| | **At the end of the year** | **468,042** | 206,221 | **468,042** | 206,221 |
| **11.6** | **Analysis of impairment allowance - Loans and advances** | | | | |
| | Specific impairment | **4,095** | 4,095 | **4,095** | 4,095 |
| | Collective impairment | **-** | - | **-** | - |
| | | **4,095** | 4,095 | **4,095** | 4,095 |
| **11.6.1** | **Movement in impairment allowance - Loans and advances** | | | | |
| | At the beginning of the year | **4,095** | 17,937 | **4,095** | 17,937 |
| | (Write back)/(Charge for the year) | **-** | (13,842) | **-** | (13,842) |
| | **At the end of the year** | **4,095** | 4,095 | **4,095** | 4,095 |

| | | | | | |
|---|---|---|---|---|---|
| **12.** | **Trade & other receivables** | | | | |
| | **Financial assets** | | | | |
| | Trade receivables | **32,816** | 45,839 | **32,816** | - |
| | Operating lease service receivables | **6,331,864** | 3,352,205 | **5,131,648** | 3,336,102 |
| | Amount due from related companies (12.1) | **(0)** | - | **7,768,863** | 5,537,999 |
| | Account receivables | **695,904** | 900,766 | **695,904** | 819,227 |
| | Other debit balances | **218,803** | 181,293 | **218,803** | 159,351 |
| | Consumables | **475,518** | 112,357 | **475,518** | 112,357 |
| | Insurance receivables | **218,497** | 145,325 | **218,498** | 145,325 |
| | Deposit for investments | **851,129** | 851,129 | **851,129** | 851,129 |
| | Withholding tax receivables | **2,142,320** | 1,612,840 | **2,138,684** | 1,612,840 |
| | | **10,966,851** | 7,201,754 | **17,531,863** | 12,574,330 |
| | Impairment allowance | **(1,004,178)** | (659,231) | **(1,004,178)** | (628,764) |
| | | **9,962,673** | 6,542,523 | **16,527,685** | 11,945,566 |
| **12.1** | **Amount due from related companies** | | | | |
| | Leasafric Ghana | **-** | - | 16,351 | - |
| | C & I Motors | **-** | - | - | 883,628 |
| | EPIC International FZE, United Arab Emirates | **-** | - | 7,752,512 | 4,654,371 |
| | | - | - | 7,768,864 | 5,537,999 |
| **12.2** | **Analysis of impairment allowance** | | | | |
| | Trade & other receivables | | | | |
| | Specific impairment | **887,434** | 601,841 | 854,879 | 538,817 |
| | Collective impairment | **116,742** | 57,390 | 149,299 | 89,947 |
| | | **1,004,176** | 659,231 | 1,004,178 | 628,764 |

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **12.2.1** | **Movement in impairment allowance** | | | | |
| | Trade & other receivables | | | | |
| | At the beginning of the year | **550,876** | 550,876 | **628,764** | 520,409 |
| | Charge/(write back) in the year | **453,302** | - | **375,414** | 108,355 |
| | **At the end of the year** | **1,004,178** | 550,876 | **1,004,178** | 628,764 |
| **13.** | **Finance lease receivables** | | | | |
| | Gross finance lease receivable | **4,412,397** | 6,777,868 | **4,408,303** | 5,175,652 |
| | Unearned lease interest/maintenance | **(2,666,346)** | (4,272,190) | **(2,666,345)** | (3,237,103) |
| | **Net investment in finance lease** | **1,746,051** | 2,505,678 | **1,741,958** | 1,938,549 |
| | Impairment allowance (Note 13.4) | **(17,419)** | (72,395) | **(17,419)** | (19,385) |
| | | **1,728,632** | 2,433,283 | **1,724,539** | 1,919,164 |

**13.2. Included in unearned lease interest/maintenance is deferred maintenance charge.**

Deferred maintenance charge relates to estimate for maintenance obligations on fleet managements under finance lease arrangement. The reimbursements are included in finance lease receivables from customers, while the maintenance charge is recognised in the income statement over the tenor of the fleet management contracts.

| | | | | | |
|---|---|---|---|---|---|
| **13.3** | **The net investment in finance lease may be analysed as follows:** | | | | |
| | Less than one year | **1,445,226** | 2,080,289 | **1,601,367** | 1,782,092 |
| | More than one year and less than five years | **300,825** | 425,389 | **140,591** | 156,457 |
| | More than five years | **-** | - | **-** | - |
| | | **1,746,051** | 2,505,678 | **1,741,958** | 1,938,549 |
| **13.4** | **Analysis into current portion and non-current portion** | | | | |
| | Current portion | **1,445,226** | 2,080,289 | **1,601,367** | 1,782,092 |
| | Non-current portion | **300,825** | 425,389 | **140,591** | 156,457 |
| | | **1,746,051** | 2,505,678 | **1,741,958** | 1,938,549 |
| **13.5** | **Analysis of impairment allowance - Finance lease receivables** | | | | |
| | Specific impairment | - | **-** | **-** | - |
| | Collective impairment | **17,419** | 72,395 | **17,419** | 19,385 |
| | | **17,419** | 72,395 | **17,419** | 19,385 |
| **13.5.1** | **Movement in impairment allowance - Finance lease receivables** | | | | |
| | At the beginning of the year | **72,395** | 82,796 | **19,385** | 21,208 |
| | Charge for the year | **-** | (9,780) | **-** | (1,823) |
| | Provision no longer required | **(1,966)** | - | **(1,966)** | - |
| | Written off in the year | **(53,010)** | (621) | **-** | - |
| | **At the end of the year** | **17,419** | 72,395 | **17,419** | 19,385 |

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **14.** | **Available for sale assets** | | | | |
| **14.1** | Listed and unlisted equities - at fair value | | | | |
| | Diamond Bank Plc (GDR) | **23,924** | 11,030 | **23,924** | 11,030 |
| | First Bank of Nigeria Plc | **16,500** | 2,565 | **16,500** | 2,565 |
| | Fidelity Bank Plc | **12,000** | 1,784 | **12,000** | 1,784 |
| | | **52,424** | 15,379 | **52,424** | 15,379 |
| | Dimunition | **(32,380)** | - | **(32,380)** | - |
| | | **20,044** | 15,379 | **20,044** | 15,379 |
| **15.** | **Investment in subsidiaries** | | | | |
| | Leasafric Ghana Limited | **-** | - | **754,736** | 754,736 |
| | C&I Motors Limited | **-** | - | **-** | 700,000 |
| | EPIC International FZE, United Arab Emirates | **-** | - | **4,231** | 4,231 |
| | | **-** | - | **758,967** | 1,458,967 |

**15.1. Subsidiary undertakings**

All shares in subsidiary undertakings are ordinary shares.

| Subsidiary | Principal activity | Country of incorporation | Percentage held | Statutory year end |
|---|---|---|---|---|
| Leasafric Ghana Limited (Note 15.1.1) | Leasing | Ghana | 70.89% | 31 December |
| EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.4) | Trading in ships and boats | United Arab Emirates | 100% | 31 December |

**15.1.1. Leasafric Ghana Limited**

Leasafric Ghana Limited is a company incorporated in Ghana under the Companies Code, 1963 (Act 179) of Ghana as a Ghanian company authorised by the Bank of Ghana to provide leasing business. Leasafric Ghana was incorporated in Ghana. The requisite approval for C&I Leasing Plc investment in Leasafric Ghana was obtained from Central Bank of Nigeria.

**15.1.2. EPIC International FZE, U.A.E.**

EPIC International FZE, Ras Al khaimah United Arab Emirates (U.A.E.) was incorporated on 15 June 2011 as a Free Zone Establishment (FZE) under a Commercial License #5006480 issued by the Ras Al Khaimah Free Trade Zone, Ras Al Khaimah, U.A.E. The Company is registered under UAE Federal Law No.(8) of 1984 and 1988 as amended. The licensed activities of the Company is trading in ships and boats, its parts, components and automobile.

**15.1.3. Absorption of C&I Motors Limited**

The Group executed a scheme of external restructuring during the year by absorbing one its subsidiaries-C&I Motors Limited. With the restructuring , C&I Motors Limited ceased to exist without being into liquidation but rather becoming part of C&I leasing Plc as a division in the Company. C&I leasing Plc assumes the entire liabilities as consideration for the transfer of the entire assets of C&I Motors limited.

The exercise was carried out in line with the provision of the Companies and Allied Matters Act, LFN 2004 and Investment and Securities Act ,2007."

**15.2. Condensed results of consolidated entities**

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 15.2.1.

The C&I Leasing Group in the condensed results includes the results of the underlisted entities:

- C&I Leasing Plc
- Leasafric Ghana Limited
- EPIC International FZE, U.A.E.

# Consolidated Financial Statements for the year ended 31 December 2016

### 15.2.1 Condensed results of consolidated entities

**31 DECEMBER 2016**

| | Parent - C&I Leasing Plc N'000 | Leasafric Ghana Limited N'000 | EPIC International FZE, U.A.E N'000 | Total N'000 | Elimination N'000 | Group N'000 |
|---|---|---|---|---|---|---|
| **Condensed income statement** | | | | | | |
| **Gross earnings** | **14,511,291** | **2,504,507** | **2,275,966** | **19,291,764** | **(2,276,143)** | **17,015,620** |
| Net operating income/(loss) | 2,877,994 | 1,684,257 | 1,149,106 | **5,711,358** | - | **5,711,358** |
| Impairment charge | (604,798) | - | - | **(604,798)** | - | **(604,798)** |
| Depreciation expense | (556,472) | (1,225,618) | (365,469) | **(2,147,560)** | - | **(2,147,560)** |
| Personel expenses | (714,557) | (74,081) | - | **(788,638)** | - | **(788,638)** |
| Distribution expenses | (20,663) | - | - | **(20,663)** | - | **(20,663)** |
| Other operating expenses | (943,122) | (168,130) | (2,225) | **(1,113,477)** | - | **(1,113,477)** |
| **Profit/(loss) before tax** | 38,382 | 216,428 | 781,411 | 1,036,222 | - | 1,036,222 |
| Income tax | (48,592) | (66,764) | - | (115,357) | - | (115,357) |
| Profit/(loss) after tax before extraordinary itemss Prc | **(10,211)** | **149,664** | **781,411** | **920,865** | **-** | **920,865** |
| Forex/extraordinary items loss provisions | **-** | - | - | - | | - |
| **Profit for the year** | (10,211) | 149,664 | 781,411 | 920,865 | - | 920,865 |

## C & I LEASING PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

**31 DECEMBER 2016**

| Condensed statement of financial position | C&I Leasing Plc N'000 | Leasafric Ghana Limited N'000 | EPIC International FZE, U.A.E N'000 | Total N'000 | Elimination N'000 | Group N'000 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and balances with banks | **255,259** | 723,018 | 4,906 | 983,183 | | 983,183 |
| Loans and receivables | **226,512** | - | - | 226,512 | - | 226,512 |
| Trade receivables | 16,527,685 | 1,187,326 | (7,752,512) | 9,962,498 | 174 | 9,962,673 |
| Finance lease receivables | **1,724,539** | 4,093 | - | 1,728,632 | | 1,728,632 |
| Available for sale financial assets | **20,044** | - | - | 20,044 | | 20,044 |
| Investment in subsidiaries | **758,967** | - | - | 758,967 | (758,967) | - |
| Other assets | **122,411** | 192,367 | - | 314,778 | - | 314,778 |
| Inventory | **229,219** | - | - | 229,219 | | 229,219 |
| Operating lease assets | **5,124,241** | 2,902,504 | 14,495,022 | 22,521,767 | | 22,521,767 |
| Property, plant and equipment | **1,144,951** | 334,788 | - | 1,479,740 | | 1,479,740 |
| Intangible assets | **24,472** | 3,120 | 39 | 27,631 | | 27,631 |
| Current income tax assets | **-** | 26,556 | - | 26,556 | | 26,556 |
| Deferred income tax assets | **854,607** | (3,642) | - | 850,965 | | 850,965 |
| **Total assets** | **27,012,907** | **5,370,130** | **6,747,455** | **39,130,492** | **(758,793)** | **38,371,699** |
| **Liabilities and equity** | | | | | | |
| Balances due to banks | 803,740 | 107,223 | - | 910,963 | | 910,963 |
| Commercial notes | 7,337,187 | 35,297 | - | 7,372,484 | (312,113) | 7,060,371 |
| Borrowings | 8,377,788 | 3,396,303 | 4,596,400 | 16,370,491 | 329,051 | 16,699,542 |
| Trade payables | 4,669,793 | 59,655 | 571,200 | 5,300,648 | | 5,300,648 |
| Retirement benefit obligations | 37,026 | - | - | 37,026 | | 37,026 |
| Current income tax liability | 102,393 | - | - | 102,393 | | 102,393 |
| Deferred income tax liability | - | 167,732 | - | 167,732 | | 167,732 |
| Equity and reserves | 5,684,980 | 1,603,922 | 1,579,855 | 8,868,757 | (775,731) | 8,093,026 |
| **Total liabilities and equity** | **27,012,907** | **5,370,132** | **6,747,455** | **39,130,494** | **(758,793)** | **38,371,701** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

**15.2.1 Condensed results of consolidated entities (Cont'd)**

**31 Decmber 2015**

| | C&I Leasing Plc N'000 | C&I Motors Limited N'000 | Leasafric Ghana Limited N'000 | EPIC International FZE, U.A.E N'000 | Total N'000 | Elimination N'000 | Group N'000 |
|---|---|---|---|---|---|---|---|
| **Condensed income statement** | | | | | | | |
| **Gross earnings** | **12,847,336** | **276,510** | **1,629,756** | **753,594** | **15,507,196** | **(929,539)** | **14,577,657** |
| Operating income | 3,424,555 | (160,977) | 1,137,693 | 481,504 | 4,882,775 | (779,301) | 4,103,474 |
| Impairment charge | (129,237) | (8,840) | 7,957 | - | (130,120) | - | (130,120) |
| Depreciation and amortisation | (1,174,806) | (10,677) | (573,221) | (210,148) | (1,968,852) | - | (1,968,852) |
| Personel expenses | (647,069) | (71,931) | (43,387) | - | (762,387) | - | (762,387) |
| Distribution expenses | - | (13,479) | - | - | (13,479) | - | (13,479) |
| Other operating expenses | (1,067,609) | (94,851) | (347,185) | (6,405) | (1,516,050) | 753,053 | (762,997) |
| Loss on disposal of subsidiary | - | - | - | - | - | - | - |
| **Profit/(Loss) before tax** | 405,834 | (360,755) | 181,857 | 264,951 | 491,887 | (26,248) | 465,639 |
| Income tax expense | (262,803) | - | (54,068) | - | (316,871) | - | (316,871) |
| **Profit/(Loss) after tax** | **143,031** | **(360,755)** | **127,789** | **264,951** | **175,016** | **(26,248)** | **148,768** |

### 15.2.1 Condensed results of consolidated entities (Cont'd)

**31 December 2015**

| Condensed statement of financial position | C&I Leasing Plc N'000 | C&I Motors Limited N'000 | Leasafric Ghana Limited N'000 | EPIC International FZE, U.A.E N'000 | Total N'000 | Elimination N'000 | Group N'000 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and balances due from banks | 657,616 | 3,824 | 753,217 | 3,168 | 1,417,825 | - | 1,417,825 |
| Loans and receivables | 471,528 | - | - | - | 471,528 | - | 471,528 |
| Trade and other receivables | 11,945,566 | 37,311 | 294,293 | - | 12,277,170 | (5,734,647) | 6,542,523 |
| Finance lease receivables | 1,919,164 | - | 514,119 | - | 2,433,283 | - | 2,433,283 |
| Available for sale financial assets | 15,379 | - | - | - | 15,379 | - | 15,379 |
| Investment in subsidiaries | 1,458,967 | - | - | - | 1,458,967 | (1,458,967) | - |
| Other assets | 153,703 | 7,287 | - | - | 160,990 | - | 160,990 |
| Inventories | 62,992 | 368,208 | - | - | 431,200 | - | 431,200 |
| Operating lease assets | 5,384,311 | - | 1,552,083 | 8,538,981 | 15,475,375 | - | 15,475,375 |
| Property, plant and equipment | 1,094,794 | 8,403 | 315,043 | 47 | 1,418,287 | - | 1,418,287 |
| Intangible assets | 34,321 | | - | | 34,321 | | 34,321 |
| Current income tax assets | - | - | 22,699 | - | 22,699 | - | 22,699 |
| Deferred income tax assets | 813,120 | 41,487 | - | - | 854,607 | - | 854,607 |
| **Total assets** | **24,011,461** | **466,520** | **3,451,454** | **8,542,196** | **36,471,631** | **(7,193,614)** | **29,278,017** |
| **Liabilities and equity** | | | | | | | |
| Balance due to banks | 677,208 | 41,596 | - | - | 718,804 | - | 718,804 |
| Commercial notes | 5,587,884 | - | 10,206 | - | 5,598,090 | - | 5,598,090 |
| Trade and other payables | 3,041,772 | 1,032,972 | 56,256 | 2,862,122 | 6,993,122 | (3,731,279) | 3,261,843 |
| Current income tax liabilty | 440,816 | 3,049 | 20,351 | - | 464,216 | - | 464,216 |
| Borrowings | 7,610,963 | - | 2,222,770 | 5,526,590 | 15,360,323 | (2,003,366) | 13,356,957 |
| Retirement benefit obligations | 47,989 | - | - | - | 47,989 | - | 47,989 |
| Deferred income tax liability | - | - | 141,125 | - | 141,125 | - | 141,125 |
| Equity and reserves | 6,604,829 | (611,097) | 1,000,746 | 153,484 | 7,147,962 | (1,458,969) | 5,688,993 |
| **Total liabilities and equity** | **24,011,461** | **466,520** | **3,451,454** | **8,542,196** | **36,471,631** | **(7,193,614)** | **29,278,017** |

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **N'000** | **N'000** | **N'000** | **N'000** |
| **16. Other assets** | | | | |
| **Non-financial assets:** | | | | |
| Prepayments | **314,778** | 160,990 | **122,411** | 153,703 |
| **Net other assets balance** | **314,778** | 160,990 | **122,411** | 153,703 |
| **17. Inventories** | | | | |
| Motor vehicles | **50,664** | 249,579 | **50,664** | - |
| Tracking devices | **57,376** | 62,992 | **57,376** | 62,992 |
| Vehicle spare parts | **129,918** | 127,369 | **129,918** | - |
| | **237,958** | 439,940 | **237,958** | 62,992 |
| Impairment allowance | **(8,739)** | (8,740) | **(8,739)** | - |
| | **229,219** | 431,200 | **229,219** | 62,992 |

# Notes to the Consolidated Financial Statement
# for the year ended 31 December 2016

**18. Operating lease assets**

**Group**

| | Autos and trucks N'000 | Office equipment N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2016 | 6,808,544 | 23,461 | 11,115,068 | 3,451,947 | 340,386 | 21,739,406 |
| Additions | 1,999,549 | 6,601 | 564,744 | 3,106,932 | 63,982 | 5,741,808 |
| Disposals in the period | (424,545) | - | - | - | - | (424,545) |
| Exchange difference | 770,358 | (3) | 3,538,239 | (169,953) | (63,982) | 4,074,659 |
| **At 31 Dec 2016** | 9,153,906 | 30,059 | 15,218,051 | 6,388,926 | 340,386 | 31,131,328 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2016 | 4,152,921 | 21,851 | 1,860,089 | - | 229,170 | 6,264,031 |
| Charge for the period | 1,436,169 | 875 | 753,713 | - | 73,539 | 2,264,296 |
| Transfer to own assets | - | - | - | - | - | - |
| Disposals in the period | (371,072) | - | - | - | - | (371,072) |
| Exchange difference | 309,110 | - | 198,982 | - | (55,786) | 452,306 |
| **At 31 Dec 2016** | 5,527,128 | 22,726 | 2,812,784 | - | 246,923 | 8,609,561 |
| **Carrying amount** | | | | | | |
| **At 31 Dec 2016** | **3,626,778** | **7,333** | **12,405,266** | **6,388,926** | **93,463** | **22,521,767** |

| | Autos and trucks N'000 | Office equipment N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2015 | 6,230,251 | 21,872 | 7,872,721 | 2,145,799 | 340,386 | 16,611,029 |
| Additions | 1,059,811 | 1,589 | 786,918 | 3,451,947 | - | 5,300,265 |
| Transfer | - | - | 2,145,799 | (2,145,799) | - | - |
| Disposals in the year | (398,034) | - | - | - | - | (398,034) |
| Write-off | (83,484) | | - | | | (83,484) |
| Exchange difference | - | - | 309,630 | - | - | 309,630 |
| **At 31 December 2015** | 6,808,544 | 23,461 | 11,115,068 | 3,451,947 | 340,386 | 21,739,406 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2015 | 3,302,116 | 21,515 | 1,347,264 | - | 210,089 | 4,880,984 |
| Charge for the year | 1,210,919 | 336 | 512,825 | - | 19,081 | 1,743,161 |
| Transfer | | | - | | - | - |
| Disposals in the year | (360,114) | - | - | - | - | (360,114) |
| Exchange difference | - | - | - | - | - | - |
| **At 31 December 2015** | 4,152,921 | 21,851 | 1,860,089 | - | 229,170 | 6,264,031 |
| **Carrying amount** | | | | | | |
| **At 31 December 2015** | **2,655,623** | **1,610** | **9,254,979** | **3,451,947** | **111,216** | **15,475,375** |

**18. Operating lease assets**

**Company**

| | Autos and trucks N'000 | Office equipment N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2016 | 3,975,694 | 23,458 | 5,860,481 | - | 340,386 | 10,200,019 |
| Additions | 245,847 | 6,601 | 226,258 | 64,204 | - | 542,910 |
| Disposals in the year | (127,012) | - | - | - | - | (127,012) |
| **At 31 Dec 2016** | 4,094,529 | 30,059 | 6,086,739 | 64,204 | 340,386 | 10,615,917 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2016 | 3,022,658 | 21,851 | 1,542,029 | - | 229,170 | 4,815,708 |
| Charge for the year | 464,341 | 875 | 309,743 | - | 17,750 | 792,709 |
| Disposals in the year | (116,741) | - | - | - | - | (116,741) |
| **At 31 Dec 2016** | 3,370,258 | 22,726 | 1,851,772 | - | 246,920 | 5,491,676 |
| **Carrying amount** | | | | | | |
| **At 31 Dec 2016** | **724,271** | **7,333** | **4,234,966** | **64,204** | **93,466** | **5,124,241** |

| | Autos and trucks N'000 | Office equipment N'000 | Marine equipment N'000 | Construction in progress N'000 | Cranes N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2015 | 3,998,445 | 21,869 | 5,430,411 | - | 340,386 | 9,791,111 |
| Additions | 335,090 | 1,589 | 430,070 | - | - | 766,749 |
| Disposals in the year | (274,357) | - | - | - | - | (274,357) |
| Write-off | (83,484) | - | - | - | - | (83,484) |
| **At 31 December 2015** | 3,975,694 | 23,458 | 5,860,481 | - | 340,386 | 10,200,019 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2015 | 2,592,559 | 21,515 | 1,256,073 | - | 210,089 | 4,080,236 |
| Charge for the year | 689,413 | 336 | 285,956 | - | 19,081 | 994,786 |
| Disposals in the year | (259,314) | | - | - | - | (259,314) |
| **At 31 December 2015** | 3,022,658 | 21,851 | 1,542,029 | - | 229,170 | 4,815,708 |
| **Carrying amount** | | | | | | |
| **At 31 December 2015** | **953,036** | **1,607** | **4,318,452** | **-** | **111,216** | **5,384,311** |

## 19. Property, plant and equipment

**Group**

| | Autos and trucks N'000 | Furniture and fittings N'000 | Office equipment N'000 | Plant and machinery N'000 | Buildings N'000 | Land N'000 | Construction in progress N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|
| **Valuation/Cost** | | | | | | | | |
| At 1 January 2016 | 565,008 | 67,523 | 323,759 | 51,547 | 419,372 | 677,346 | 109,423 | 2,213,978 |
| Additions | 90,996 | 6,926 | 26,622 | 5,821 | 2,580 | 7,313 | - | 140,258 |
| Revaluation surplus | - | - | - | - | 24,960 | 37,192 | - | 62,152 |
| Transfer/Reclassifications | - | - | (86) | - | - | - | (44,867) | (44,953) |
| Disposal in the year | (21,140) | - | (362) | (19,327) | - | - | - | (40,829) |
| Exchange difference | 93,778 | 8,086 | 14,662 | - | 2,505 | 9,235 | 12,683 | 140,949 |
| **At 31 Dec 2016** | 728,642 | 82,535 | 364,595 | 38,041 | 449,417 | 731,086 | 77,239 | 2,471,555 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2015 | 301,159 | 50,457 | 260,853 | 43,858 | 139,364 | - | - | 795,691 |
| Charge for the year | 140,147 | 5,951 | 26,035 | 3,776 | 7,780 | - | - | 183,689 |
| Disposal in the year | (16,492) | - | (362) | (19,327) | - | - | - | (36,181) |
| Exchange difference | 26,039 | 1,318 | 21,615 | - | (356) | - | - | 48,616 |
| **At 31 Dec 2016** | 450,853 | 57,726 | 308,141 | 28,307 | 146,788 | - | - | 991,815 |
| **Carrying amount** | | | | | | | | |
| **At 31 Dec 2016** | **277,789** | **24,809** | **56,454** | **9,734** | **302,629** | **731,086** | **77,239** | **1,479,740** |
| **Valuation/Cost** | | | | | | | | |
| At 1 January 2015 | 414,178 | 59,881 | 301,488 | 54,269 | 431,826 | 617,347 | 34,450 | 1,913,439 |
| Discontinued operations | - | - | - | - | - | - | - | - |
| Additions | 191,461 | 8,466 | 23,015 | 173 | 7,354 | - | 32,183 | 262,652 |
| Revaluation surplus | - | - | - | - | 36,192 | 59,999 | - | 96,191 |
| Reclassification | - | - | - | - | (56,000) | | 56,000 | |
| Disposal in the year | (6,800) | - | - | (2,895) | - | - | - | (9,695) |
| Write-off | (33,831) | - | - | - | - | - | - | (33,831) |
| Exchange difference | - | (824) | (744) | - | - | - | (13,210) | (14,778) |
| **At 31 December 2015** | 565,008 | 67,523 | 323,759 | 51,547 | 419,372 | 677,346 | 109,423 | 2,213,978 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2015 | 225,121 | 44,949 | 235,417 | 43,086 | 133,749 | - | - | 682,322 |
| Discontinued operations | - | - | - | - | - | - | - | - |
| Charge for the year | 80,572 | 6,439 | 24,077 | 3,667 | 5,615 | - | - | 120,370 |
| Disposal in the year | (4,534) | - | - | (2,895) | - | - | - | (7,429) |
| Exchange difference | - | (931) | 1,359 | - | - | - | - | 428 |
| **At 31 December 2015** | 301,159 | 50,457 | 260,853 | 43,858 | 139,364 | - | - | 795,691 |
| **Carrying amount** | | | | | | | | |
| **At 31 December 2015** | **263,849** | **17,066** | **62,906** | **7,689** | **280,008** | **677,346** | **109,423** | **1,418,287** |

**19.1.** The land and buildings of the group were revalued on 31 December 2016 by Messrs Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N1,060,800,000 (31 December 2015 : N1,035,170,000).

The revaluation surplus of N139,238,372.77 (31 December 2015: N213,757,285) which is the difference between the market and the historical net values of the eligible property, plant and equipment being revalued has been discounted by 55%, as stipulated in the Paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions. Therefore, the amount of N62,657,267.75 (31 December 2015: N96,190,778) have been included in land and buildings and recognised in the revaluation reserve through the other comprehensive income.

**19. Property, plant and equipment**

Company

| | Autos and trucks N'000 | Furniture and fittings N'000 | Office equipment N'000 | Plant and machinery N'000 | Buildings N'000 | Land N'000 | Construction in progress N'000 | Total N'000 |
|---|---|---|---|---|---|---|---|---|
| **Valuation/Cost** | | | | | | | | |
| At 1 January 2016 | 193,719 | 46,187 | 209,511 | 32,942 | 295,012 | 651,838 | 77,239 | 1,506,448 |
| Additions | 9,910 | 6,587 | 19,425 | 5,821 | 2,580 | 7,313 | - | 51,636 |
| Revaluation surplus | - | - | - | - | 25,465 | 37,192 | - | 62,657 |
| Transfer from Merger | 74,441 | 13,425 | 53,915 | - | 112,146 | - | - | 253,927 |
| Disposal in the period | (15,300) | - | - | - | - | - | - | (15,300) |
| **At 31 Dec 2016** | 262,770 | 66,198 | 282,851 | 38,763 | 435,203 | 696,343 | 77,239 | 1,859,368 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2016 | 154,654 | 34,084 | 167,360 | 26,306 | 29,250 | - | - | 411,654 |
| Transfer from Merger | 76,291 | 12,907 | 51,512 | - | 112,226 | - | - | 252,936 |
| Charge for the period | 32,393 | 4,580 | 17,218 | 3,776 | **5,771** | - | - | 63,739 |
| Disposal in the period | (13,913) | - | - | - | - | - | - | (13,913) |
| **At 31 Dec 2016** | 249,426 | 51,571 | 236,090 | 30,082 | 147,247 | - | - | 714,416 |
| **Carrying amount** | | | | | | | | |
| **At 31 Dec 2016** | **13,344** | **14,627** | **46,761** | **8,681** | **287,956** | **696,343** | **77,239** | **1,144,951** |
| **Valuation/Cost** | | | | | | | | |
| At 1 January 2015 | 222,075 | 42,145 | 192,055 | 35,837 | 312,179 | 591,839 | 21,239 | 1,417,369 |
| Additions | 7,175 | 4,042 | 17,456 | - | 2,641 | - | - | 31,314 |
| Revaluation surplus | - | - | - | - | 36,192 | 59,999 | - | 96,191 |
| Reclassification | - | - | - | - | (56,000) | - | 56,000 | - |
| Disposal in the year | (1,700) | - | - | (2,895) | - | - | - | (4,595) |
| Write-off | (33,831) | - | - | - | - | - | - | (33,831) |
| **At 31 December 2015** | 193,719 | 46,187 | 209,511 | 32,942 | 295,012 | 651,838 | 77,239 | 1,506,448 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2015 | 124,911 | 29,765 | 149,375 | 25,956 | 26,821 | - | - | 356,828 |
| Charge for the year | 31,443 | 4,319 | 17,985 | 3,245 | 2,429 | - | - | 59,421 |
| Disposal in the year | (1,700) | - | - | (2,895) | - | - | - | (4,595) |
| **At 31 December 2015** | 154,654 | 34,084 | 167,360 | 26,306 | 29,250 | - | - | 411,654 |
| **Carrying amount** | | | | | | | | |
| **At 31 December 2015** | **39,065** | **12,103** | **42,151** | **6,636** | **265,762** | **651,838** | **77,239** | **1,094,794** |

19.1 The land and buildings of the group were revalued on 31 December 2016 by Messrs Ubosi Eleh and Co. Estate Surveyors and Valuers. The open market value of the land and buildings were put at N1,060,800,000 (31 December 2015 : N1,035,170,000).

The revaluation surplus of N139,238,372.77 (31 December 2015: N213,757,285) which is the difference between the market and the historical net values of the eligible property, plant and equipment being revalued has been discounted by 55%, as stipulated in the Paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions. Therefore, the amount of N62,657,267.75 (31 December 2015: N96,190,778) have been included in land and buildings and recognised in the revaluation reserve through the other comprehensive income.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **20.** | **Intangible assets** | | | | |
| | **Computer software** | | | | |
| | Cost | **165,538** | 155,982 | **165,538** | 155,982 |
| | Transferred from PPE | **86** | - | **-** | - |
| | Additions | **21,231** | 9,556 | **6,100** | 9,556 |
| | Exchange difference | **47** | - | **-** | - |
| | | **186,902** | 165,538 | **171,638** | 165,538 |
| | **Amortisation** | | | | |
| | **A January 1, 2016** | **131,217** | 10,617 | **131,217** | 10,617 |
| | Amortisation charge | **28,054** | 120,600 | **15,949** | 120,600 |
| | | **159,271** | 131,217 | **147,166** | 131,217 |
| | **Net carrying amount** | | | | |
| | **At 31 December** | **27,631** | 34,321 | **24,472** | 34,321 |

Amortisation charged for the year is included in the other operating expenses.
The software is not internally generated.

| | | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|---|
| **21.** | **Balance due to banks** | | | | |
| | First City Monument Bank Plc | **63,426** | 9,017 | **63,426** | 9,017 |
| | Access Bank | **107,574** | - | **351** | - |
| | Diamond Bank Plc | **678,492** | 603,390 | **678,492** | 561,816 |
| | First Security Discount House | **247** | - | **247** | - |
| | Standard Chartered Bank | **164** | - | 164 | - |
| | Fidelity Bank Plc | **8,657** | 6,661 | **8,657** | 6,661 |
| | Zenith Bank Plc | **50,821** | 99,411 | **50,821** | 99,389 |
| | First Bank of Nigeria Limited | **1,367** | 325 | **1,367** | 325 |
| | United Bank for Africa | **215** | - | **215** | - |
| | | **910,963** | 718,804 | **803,740** | 677,208 |
| **22.** | **Commercial notes** | | | | |
| | Institutional clients | **1,406,940** | 1,070,682 | **1,406,940** | 1,071,503 |
| | Individual clients | **5,653,431** | 4,527,408 | **5,930,247** | 4,516,381 |
| | | **7,060,371** | 5,598,090 | **7,337,187** | 5,587,884 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **22.1** | **Analysis of commercial notes** | | | | |
| | Current | **7,060,371** | 5,598,090 | **7,337,187** | 5,587,884 |
| | Non-current | **-** | - | **-** | - |
| | | **7,060,371** | 5,598,090 | **7,337,187** | 5,587,884 |
| **23.** | **Trade and other liabilities** | | | | |
| | **Financial liabilities:** | | | | |
| | Trade payables | **19,569** | 4,118 | **19,569** | - |
| | Security deposits | **5,959** | 21,370 | **5,959** | 21,370 |
| | Statutory deductions (WHT, PAYE) | **83,787** | 216,197 | **135,106** | 164,675 |
| | Intercompany balances | **-** | - | **-** | 1,131 |
| | Accounts payable | **3,761,796** | 1,568,450 | **3,105,977** | 1,483,939 |
| | Payments received on account | **1,127,650** | 1,015,569 | **1,127,650** | 1,015,569 |
| | Deferred rental income | **6,252** | 14,160 | **6,252** | 14,160 |
| | | **5,005,013** | 2,839,864 | **4,400,513** | 2,700,844 |
| | **Non-financial liabilities:** | | | | |
| | Provision and accruals | **295,635** | 421,979 | **269,281** | 340,928 |
| | **Total other liabilities** | **5,300,648** | 3,261,843 | **4,669,794** | 3,041,772 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **24.** | **Taxation** | | | | |
| **24.1** | **Income tax charge** | | | | |
| | Income tax | **111,715** | 115,080 | **48,592** | 94,728 |
| | Education tax | **-** | 18,740 | **-** | 18,740 |
| | Technology tax | **-** | 4,058 | **-** | 4,058 |
| | **Current income tax** | **111,715** | 137,878 | **48,592** | 117,526 |
| | Current income tax credit | **-** | - | **-** | - |
| | Back duty audit by FIRS(2006-2011) | **-** | 145,277 | **-** | 145,277 |
| | Deferred tax charge | **3,642** | 33,716 | **-** | - |
| | **Income tax** | **115,357** | 316,871 | **48,592** | 262,803 |
| | Reconciliation of effective tax rate | | | | |
| | Profit before tax | **1,036,224** | 465,639 | **38,382** | 405,834 |
| | Tax calculated using the domestic corporation tax rate of 30% (31 December 2015: 30%) | **310,867** | 139,692 | **11,515** | 121,750 |
| | Effect of tax rates in foreign jurisdictions | **(232,585)** | 36,126 | **-** | - |
| | Tax income exempt | **(480,365)** | (221,286) | **(480,365)** | (221,286) |
| | Non- deductible expenses | **492,947** | 380,633 | **492,947** | 380,633 |
| | Effect of education tax levy | **-** | 18,740 | **-** | 18,740 |
| | Effect of technology tax levy | **-** | 4,058 | **-** | 4,058 |
| | Effect of minimum tax | **48,592** | - | **48,592** | - |
| | Effect of disposal of items of PPE | **-** | 16,017 | **-** | 16,017 |
| | Effect of prior year under provision | **-** | 145,277 | **-** | 145,277 |
| | Tax reliefs | **(24,096)** | (202,386) | **(24,096)** | (202,386) |
| | Total income tax | 115,360 | 316,871 | 48,593 | 262,803 |

| | | | | | |
|---|---|---|---|---|---|
| **24.2** | **Current income tax liability** | | | | |
| | At the beginning of the year | **464,216** | 212,216 | **440,816** | 201,815 |
| | Merged operations | **-** | - | **4,019** | - |
| | Charge for the year | **48,592** | 137,878 | **48,592** | 117,526 |
| | Under/(over)-provision in prior years | **-** | 145,277 | **-** | 145,277 |
| | Withholding tax credit notes utilised | **(302,619)** | - | **(302,619)** | - |
| | Payments during the year | **(88,416)** | (31,155) | **(88,416)** | (23,802) |
| | Adjustment/exchange difference | **(19,381)** | | | |
| | **At the end of the year** | **102,392** | 464,216 | **102,393** | 440,816 |
| | **Current income tax assets** | | | | |
| | At the beginning of the year | **(22,699)** | (12,897) | **-** | - |
| | Charge in the year | **65,202** | - | **-** | - |
| | Payment | **(86,697)** | | | |
| | Under/(over)-provision in prior years | **(2,079)** | | | |
| | Adjustment/exchange difference | **19,717** | (9,802) | **-** | |
| | **At the end of the year** | **(26,556)** | (22,699) | - | - |
| **24.3** | **Deferred income tax assets** | | | | |
| | At the beginning of the year | **(854,607)** | (864,951) | **(813,120)** | (813,120) |
| | Merged operations | **-** | - | **(41,487)** | |
| | Charge in the year (Note 24.1) | **3,642** | - | **-** | - |
| | Adjustment | **-** | 10,344 | **-** | - |
| | **At the end of the year** | **(850,965)** | (854,607) | **(854,607)** | (813,120) |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **24.3.1** | **Analysis of deferred income tax assets** | | | | |
| | Property, plant and equipment | **(850,965)** | (884,245) | **(854,607)** | (813,120) |
| | Allowance for loan and other assets losses | **-** | - | **-** | - |
| | | **(850,965)** | (884,245) | **(854,607)** | (813,120) |
| 24.3.2 | **Deferred income tax liability** | | | | |
| | At the beginning of the year | **141,125** | 107,409 | **-** | - |
| | Exchange difference | **26,607** | 33,716 | **-** | - |
| | **At the end of the year** | **167,732** | 141,125 | **-** | - |
| **25.** | **Borrowings** | | | | |
| | Term loans (Note 25.1) | **9,544,367** | 8,582,283 | **4,947,967** | 5,059,061 |
| | Finance lease facilities (Note 25.2) | **5,410,796** | 3,142,720 | **2,608,674** | 1,518,732 |
| | Redeemable bonds (Note 25.3) | **1,744,380** | 1,631,954 | **821,147** | 1,033,170 |
| | | **16,699,543** | 13,356,957 | **8,377,788** | 7,610,963 |

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (December 2015 : Nil).

| | | | | | |
|---|---|---|---|---|---|
| 25.1 | **Term loans** | | | | |
| | First City Monument Bank Plc (Note 25.1.3) | **2,540,864** | 2,230,468 | **2,540,864** | 2,230,468 |
| | Fidelity Bank Plc (Note 25.1.4) | **126,816** | 273,725 | **126,816** | 273,725 |
| | ABSA Bank Limited, South Africa (Note 25.1.5) | **353,325** | 474,542 | **353,325** | 474,542 |
| | B.V. Scheepswerf Damen Gorinchem, The Netherlands (25.1.7) | **1,312,724** | 1,384,320 | | - |
| | Financial Derivative Company | **70,117** | - | **70,117** | - |
| | Deep Ocean Development Limited, British Virgin Islands (25.1.8) | **3,283,676** | 2,334,420 | **-** | - |
| | Diamond Bank Plc (Note 25.1.6) | **-** | 743,502 | **-** | 743,502 |
| | Secured lease notes (25.1.9) | **1,856,845** | 1,141,306 | **1,856,845** | 1,336,824 |
| | | **9,544,367** | 8,582,283 | **4,947,967** | 5,059,061 |
| 25.1.1 | **Analysis of term loans** | | | | |
| | Current | **1,575,825** | 1,644,432 | **1,119,069** | 1,430,632 |
| | Non-current | **7,968,542** | 6,937,850 | **2,838,229** | 3,628,428 |
| | | **9,544,367** | 8,582,282 | **3,957,298** | 5,059,060 |
| 25.1.2 | **Movement in borrowings** | | | | |
| | At the beginning of the year | 13,367,299 | 9,663,465 | 7,610,960 | 6,147,990 |
| | Obtained in the year | 8,853,151 | 4,889,978 | 6,429,285 | 3,024,332 |
| | Repayment during the year | (7,013,861) | (1,944,599) | (6,655,410) | (1,944,599) |
| | Exchange loss | - | 160,744 | - | 160,744 |
| | Foreign currency translation and exchange loss on foreign currency denominated loans hedged | 1,492,953 | 597,711 | 992,953 | 222,493 |
| | At the end of the year | 16,699,542 | 13,367,299 | 8,377,788 | 7,610,960 |

### 25.1.3 First City Monument Bank Plc

Facility represents US $15,725,000 (N2,500,000,000) term loan secured from First City Monument Bank Plc on 2 December 2011 for a period of 66 months with a moratorium of 9 months on principal, to finance acquisition of crew and tug boats. The interest on the loan is 9% per annum Dollar interest rate. The loan is secured by mortgage on the boats being financed.

### 25.1.4 Fidelity Bank Plc

Facility represents N734,000,000 term loan secured from Fidelity Bank Plc on 7 December 2012 for a period of 30months effective from October 2013. The interest on the loan is 16% per annum.

### 25.1.5 ABSA Bank Limited, South Africa

Facility represents US Dollar 4,195,120 term loan secured from ABSA Bank LImited South Africa under a loan agreement dated 5 December 2012 for a period of four years from draw down date. The interest on the loan is London Inter Bank Offerred Rate (LIBOR) plus 2.5% per annum. The loan is secured by mortgage on the boats being financed.

### 25.1.6 Diamond Bank Plc

Facility represents N770,000,000 term loan secured from Diamond Bank Plc under a loan agreement dated 1 March 2013 for a period of three years effective 2 December 2012. The interest on the loan is 18% per annum. The facility is required to enable the Company meets its financial obligations on outsourcing services.

### 25.1.7 B.V. Scheepswerf Damen Gorinchem, The Netherlands

Facility represents US$7,590,245 term loan secured from B.V. Scheepswerf Damen Gorinchem, The Netherlands, under a loan agreement dated 22 September 2014 for a period of five years effective 22 September 2014. The interest on the loan is 4.8% per annum. The facility is required to enable the Company meets its financial obligations on new boat acquisition. The facility was obtained by EPIC International FZE, U.A.E.

### 25.1.8 Deep Ocean Development Limited, British Virgin Islands

This relates to outstanding balance of $11.880,000 on construction of vessel being undertaken by Deep Ocean Development Limited, British Virgin Islands under a memorandum of agreement dated 05 August 2015. The transaction relates to EPIC International FZE, U.A.E.

### 25.1.9 Secured Leased Notes

Facility represents amount obtained from various individual and institutional investors under term loan agreement at interest of 9% per annum. The facility was obtained for construction of vessels for the company. As security for the facility, the investors are given equity holdings in the vessels being constructed. The tenor for the facility ranges between 50 - 60 months.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016 N'000** | **2015 N'000** | **2016 N'000** | **2015 N'000** |
| **25.2** | **Finance lease facilities** | | | | |
| | Diamond Bank Plc (Note 25.2.2) | **1,311,027** | 301,598 | **1,311,027** | 301,598 |
| | Stanbic IBTC Bank (Note 25.2.3) | **1,477,979** | 462,063 | **336,280** | 49,755 |
| | First Bank Nigeria Ltd (Note 25.2.4) | **337,941** | 580,875 | **337,941** | 580,875 |
| | Access Bank Plc (Note 25.2.5) | **385,024** | 274,697 | **168,666** | 274,697 |
| | Leadway Assurance Company Ltd (Note 25.2.6) | **-** | - | **-** | - |
| | Lotus Capital Limited (Note 25.2.7) | **356,566** | - | **356,566** | - |
| | United Bank for Africa (Note 25.2.8) | **-** | 645,550 | **-** | 90 |
| | Golden Cedar, Ghana (Note 25.2.9) | **-** | - | **-** | - |
| | Barclays Bank Ghana (Note 25.2.10) | **1,197,831** | 183,135 | **-** | - |
| | FSDH Merchant Bank Ltd (Note 25.2.11) | **98,194** | 311,717 | **98,194** | 311,717 |
| | Intercontinental Bank, Ghana | **-** | 182,516 | **-** | - |
| | Others | **246,233** | 200,569 | **-** | - |
| | | **5,410,795** | 3,142,720 | **2,608,674** | 1,518,732 |
| **25.2.1** | **Analysis of finance lease facility** | | | | |
| | Current | **2,699,492** | 1,582,440 | **1,313,532** | 764,719 |
| | Non-current | **2,711,303** | 1,560,280 | **1,295,142** | 754,013 |
| | | **5,410,795** | 3,142,720 | **2,608,674** | 1,518,732 |

**25.2.2 Diamond Bank Plc**

This facility represent N1.2billion Motor vehicle corporate lease renewable annually for the purpose of financing 80% of cost required to purchase vehicles to service lease or fleet management contract for vehicles from corporate organizations. The Interest is at 19% per annum (subject to changes in line with money market conditions) and its Tenor is 4years(48 months).

**25.2.3 Stanbic IBTC Bank Plc**

Facility represents N700 million finance lease facility secured from Stanbic IBTC Bank Limited in February 2010 for a period of three years. The interest on the facility is 18% per annum. The facility was secured by legal ownership of assets finance under the lease contract.

**25.2.4 First Bank Nigeria Limited**

This relates to N2 billion equipment lease facility secured from First Bank Nigeria Limited on 10 February 2011 for a period of four years. The interest on the facility is 18% per annum. The facility is in tranches and the Company makes equity contribution of 20% on each tranche drawn. The facility was secured by corporate guarantee of C&I Leasing.

**25.2.5 Access Bank Plc**

Facility represents N90.5 million and N44.75 million vehicle finance lease secured from Access Bank in June 2011 and May 2012 respectively for a period of three years. The interest on the lease facility is payable monthly at 17% per annum. The facility was secured by legal ownership of the leased assets.

**25.2.6 Leadway Assurance Company Limited**

Facility represents N147 million finance lease facility secured by Citrans Global Limited from Leadway Assurance Company for a period of four years. The interest on the facility is 18% per annum and was secured by corporate guarantee of C&I Leasing Plc.

**25.2.7 Lotus Capital Limited**

This represents N200 million Murabaha facility secured from Lotus Capital Limited under the Murabaha agreement of 7 September 2011 for a period of three years. The interest on the facility is 16.02% per annum.

**25.2.8 United Bank for Africa Plc**

Facility represents N500 million contract/ lease finance facility secured from United Bank for Africa Plc in August 2011 for a period of three years, to part-finance 80% of various lease facilities availed by the C&I to its clients. The interest on the facility is 16% per annum. The facility was secured by joint ownership of leased asset/equipment by UBA and C&I Leasing.

**25.2.9 Golden Cedar, Ghana**

Facilicty represents US$1 million and one million Ghana Cedis equipment lease facility secured from Golden Cedar Limited, Ghana in July 2012 for a period of three years. The interest on the facility is 10.5% plus LIBOR and 4% plus Bank of Ghana Prime rate for the US Dollar and Ghana Cedis denominated loans. The facility is secured by negative pledge and corporate guarantee of C&I Leasing.

**25.2.10. Barclays Bank of Ghana**

Facilicty represents US$750,000 finance lease facility secured from Barclays Bank of Ghana Limited in February 2012 for a period of three years. The interest on the facility is 8% per annum. The facility was secured by legal ownership of the leased assets.

**25.2.11. FSDH Merchant Bank Limited**

Facility represents asset backed lease note secured from First Securities Discount House Limited in February 2012 for a period of two years with a moratorium of three months on principal repayment. The interest on the facility is 16% per annum.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| 25.3 | **Redeemable bonds** | | | | |
| | First Pension Custodian Ltd | **76,689** | 153,378 | **76,689** | 153,378 |
| | First Securities Discount House Ltd | **112,778** | 225,556 | **112,778** | 225,556 |
| | UBA Pension Custodian Ltd | **22,555** | 45,111 | **22,555** | 45,111 |
| | FSDH Merchant Bank Ltd | **609,125** | 609,125 | **609,125** | 609,125 |
| | Convertible Bond | **923,233** | 598,784 | **-** | - |
| | | **1,744,380** | 1,631,954 | **821,147** | 1,033,170 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| 25.3.1 | **Analysis of redeemable bonds** | | | | |
| | Current | **223,968** | 208,889 | **187,772** | 208,889 |
| | Non-current | **1,520,412** | 1,423,065 | **633,375** | 824,281 |
| | | **1,744,380** | 1,631,954 | **821,147** | 1,033,170 |

**25.3.2 Redeemable bonds include financial instruments classified as liabilities measured at amortised cost**

The redeemable bonds represent N940 million notes issued by subscribers (as indicated above) on 30 November 2012 for a period of five years. Interest on the notes is payable at 18% per annum. The loan is repayable at six monthly intervals over a period of five years commencing from 31 May 2013. The loan is direct, unconditional and secured obligation of C&I Leasing.

Redeemable bonds include financial instruments classified as liabilities measured at amortised cost.

**25.3.2 Convertible bond**

This represent 5 years USD375,000 each convertible bonds, in an aggregate principal amount of USD3,000,000.00 issued in 2014 by Leasafric Ghana Limited.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| 27. | **Retirement benefit obligations** | | | | |
| | Defined contribution pension plan (Note 27.1) | **37,024** | 47,989 | **37,024** | 47,989 |
| | | **37,024** | 47,989 | **37,024** | 47,989 |
| 27.1 | Defined contribution pension plan | | | | |
| | At the beginning of the year | **47,989** | 35,238 | **47,989** | 35,238 |
| | Contribution during the year | **487,365** | 220,297 | **487,365** | 220,297 |
| | Remittance during the year | **(498,330)** | (207,546) | **(498,330)** | (207,546) |
| | **At the end of the year** | **37,024** | 47,989 | **37,024** | 47,989 |

27.1.1 The Group make 10% and its employees make a contribution of 8% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| 28. | **Share capital** | | | | |
| 28.1 | **Authorised share capital** | | | | |
| | 3,000,000,000 ordinary shares of 50k each | **1,500,000** | 1,500,000 | **1,500,000** | 1,500,000 |
| 28.2 | **Issued and fully paid** | | | | |
| | 1,617,010,000 ordinary shares of 50k each | **808,505** | 808,505 | **808,505** | 808,505 |
| 29. | **Deposit for shares** | | | | |
| | At the beginning of the year | **2,453,528** | 2,091,430 | **2,453,528** | 2,091,430 |
| | Addition during the year | **-** | - | **-** | - |
| | Exchange difference | **12,484** | 362,098 | **12,484** | 362,098 |
| | **At the end of the year** | **2,466,012** | 2,453,528 | **2,466,012** | 2,453,528 |

This represents US$12,486,143.09 unsecured variable coupon convertible notes issued by Aureos Africa LLC on 11 January 2010 for a period of five years. The interest to be paid on notes is equivalent, in any year, to dividend declared by C&I Leasing and payable on the equivalent number of ordinary shares underlying the loan stock. The Company is in the process of converting the notes to its equity and has elected to include the notes in equity as deposit for shares.

| | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|
| **30. Statutory reserve** | | | | |
| At the beginning of the year | **829,325** | 722,521 | **651,203** | 608,294 |
| Transfer from income statement | **209,903** | 106,804 | **-** | 42,909 |
| **At the end of the year** | **1,039,228** | 829,325 | **651,203** | 651,203 |

Nigerian banking regulations requires the Group to make an annual appropriation to a statutory reserve. As stipulated in S. 16 (1) of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 and Central Bank of Nigeria (CBN) guidelines, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

| | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|
| **31. Statutory credit reserve** | | | | |
| At the beginning of the year | **613,725** | 262,799 | **597,077** | 246,151 |
| Arising in the year | **16,506** | 350,926 | **16,508** | 350,926 |
| Exchange difference adjustment | **(3,888)** | - | **-** | - |
| **At the end of the year** | **626,343** | 613,725 | **613,585** | 597,077 |

The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Prudential Guidelines (as prescribed by the Central Bank) is recorded in this reserve. This reserve is non distributable.

| | Group 2016 N'000 | Group 2015 N'000 | Company 2016 N'000 | Company 2015 N'000 |
|---|---|---|---|---|
| **32. Retained earnings** | | | | |
| At the beginning of the year | **(54,767)** | 388,405 | **1,223,732** | 1,594,561 |
| Arising from Merger of C&I Motors | **-** | - | **(1,312,348)** | - |
| Dividend declared and paid | **(82,930)** | (124,645) | **(61,419)** | (120,025) |
| Transfer from income statement | **875,965** | 139,203 | **(10,212)** | 143,031 |
| Transfer to statutory reserve | **(209,903)** | (106,804) | **-** | (42,909) |
| Transfer to statutory credit reserve | **(16,506)** | (350,926) | **(16,506)** | (350,926) |
| **At the end of the year** | **511,859** | (54,767) | **(176,753)** | 1,223,732 |
| **33. Foreign currency translation reserve** | | | | |
| At the beginning of the year | **(393,369)** | 204,342 | **(384,323)** | (161,830) |
| Arising in the year | 1,490,687 | (597,711) | **384,323** | (222,493) |
| **At the end of the year** | **1,097,318** | (393,369) | **-** | (384,323) |

This represents net exchange difference arising from translation of reserve balances of foreign entity at closing rate.

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **N'000** | N'000 | **N'000** | N'000 |
| **34. AFS fair value reserve** | | | | |
| At the beginning of the year | **(5,513)** | (5,163) | **(5,513)** | (5,163) |
| Gain/(Loss) arising in the year | **4,665** | (350) | **4,665** | (350) |
| **At the end of the year** | **(848)** | (5,513) | **(848)** | (5,513) |

Available for sale (AFS) fair value reserve represents gains or losses arising from marked to market valuation on available for sale assets.

| | | | | |
|---|---|---|---|---|
| **35.** Revaluation reserve | | | | |
| At the beginning of the year | **581,094** | 484,903 | **581,094** | 484,903 |
| Arising during the year | **62,152** | 96,191 | **62,657** | 96,191 |
| At the end of the year | **643,246** | 581,094 | **643,751** | 581,094 |

Revaluation reserve relates to the surplus arising from the revaluation of land and buildings included in property, plant and equipment.

As stipulated in the Paragraph 3.11 of the Central Bank of Nigeria (CBN) revised Prudential Guidelines for Financial Institutions, the revaluation surplus of N139,238,372.77 (31 December 2015 : N213,757,285) (difference between the market and the historical values of the eligible property, plant and equipment being revalued) has been discounted by 55%. Therefore, the amount of N62,657,267.75 (31 December 2015 : N96,190,778) has been recognised in the revaluation reserve.

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **N'000** | N'000 | **N'000** | N'000 |
| **36. Non Controlling interest** | | | | |
| At the beginning of the year | 176,939 | 167,374 | - | - |
| Share of profit from Leasafric Ghana | 44,899 | 9,565 | - | - |
| At the end of the period | **221,838** | 176,939 | - | - |
| **37. Cash and cash equivalents** | | | | |
| Cash and balances with banks (Note 10) | **983,183** | 1,417,825 | **255,259** | 657,616 |
| Balance due to banks (Note 21) | **(910,963)** | (718,804) | **(803,740)** | (677,208) |
| | **72,220** | 699,021 | **(548,481)** | (19,592) |
| **38. Impairment charge** | | | | |
| Finance lease receivables | **(1,966)** | (9,780) | **(1,966)** | (1,823) |
| Lease rental due | **261,820** | 36,547 | **261,820** | 36,547 |
| Loans and advances | - | (13,842) | - | (13,842) |
| Inventory | - | 8,740 | - | - |
| Other assets | **344,944** | 108,355 | **344,944** | 108,355 |
| **Per income statement** | **604,798** | 130,020 | **604,798** | 129,237 |

**38.1 Reconciliation of impairment allowance on loans and receivables, finance lease receivables and other assets**

**Group**

| | Inventory N'000 | Loans and advances N'000 | Lease rental due N'000 | Finance lease receivables N'000 | Trade and other assets receivables N'000 | Total N'000 |
|---|---|---|---|---|---|---|
| At 1 January 2015 | | | | | | |
| Specific impairment | - | 14,987 | 159,417 | - | 436,768 | 611,172 |
| Collective impairment | - | 2,951 | 10,258 | 82,796 | 114,108 | 210,113 |
| | - | 17,938 | 169,675 | 82,796 | 550,876 | 821,285 |
| **Additional provision** | | | | | | |
| Specific impairment | 8,740 | (10,891) | 22,653 | - | 165,073 | 185,575 |
| Collective impairment | - | (2,951) | 13,894 | (9,780) | (56,718) | (55,555) |
| No longer required | - | - | - | - | - | - |
| **Income statement** | 8,740 | (13,842) | 36,547 | (9,780) | 108,355 | 130,020 |
| Written off | - | - | - | (621) | - | (621) |
| **At 31 December 2015** | | | | | | |
| Specific impairment | 8,740 | 4,096 | 182,070 | - | 601,841 | 796,747 |
| Collective impairment | - | - | 24,152 | 72,395 | 57,390 | 153,937 |
| | 8,740 | 4,096 | 206,222 | 72,395 | 659,231 | 950,684 |
| **Additional provision** | | | | | | |
| Specific impairment | - | - | 248,813 | - | 285,593 | 534,406 |
| Collective impairment | - | - | 13,008 | - | 59,352 | 72,360 |
| No longer required | - | - | - | (1,966) | - | (1,966) |
| **Income statement** | - | - | 261,821 | (1,966) | 344,945 | 604,800 |
| Written off | - | - | - | (53,010) | - | (53,010) |
| **At 31 December 2016** | | | | | | |
| Specific impairment | 8,740 | 4,096 | 430,883 | (54,976) | 887,434 | 1,276,177 |
| Collective impairment | - | - | 37,160 | 72,395 | 116,742 | 226,297 |
| | 8,740 | 4,096 | 468,043 | 17,419 | 1,004,176 | 1,502,474 |

**38.1 Reconciliation of impairment allowance on loans and receivables, finance lease receivables and other assets**

**Company**

| | Loans and advances N'000 | Lease rental due N'000 | Finance lease receivables N'000 | Other assets N'000 | Total N'000 |
|---|---|---|---|---|---|
| **At 1 January 2015** | | | | | |
| Specific impairment | 14,987 | 159,416 | - | 373,744 | 548,147 |
| Collective impairment | 2,951 | 10,258 | 21,208 | 146,665 | 181,082 |
| | 17,938 | 169,674 | 21,208 | 520,409 | 729,229 |
| **Additional impairment** | | | | | |
| Specific impairment | (10,891) | 22,653 | - | 165,073 | 176,835 |
| Collective impairment | (2,951) | 13,894 | - | (56,718) | (45,775) |
| No longer required | - | - | (1,823) | - | (1,823) |
| **Income statement** | (13,842) | 36,547 | (1,823) | 108,355 | 129,237 |
| **At 31 December 2015** | | | | | |
| Specific impairment | 4,096 | 182,069 | - | 538,817 | 724,982 |
| Collective impairment | - | 24,152 | 19,385 | 89,947 | 133,484 |
| | 4,096 | 206,221 | 19,385 | 628,764 | 858,466 |
| **Additional provision** | | | | | |
| Specific impairment | - | 248,813 | - | 285,593 | 534,406 |
| Collective impairment | - | 13,008 | - | 59,352 | 72,360 |
| No longer required | - | - | (1,966) | - | (1,966) |
| **Income statement** | - | 261,821 | (1,966) | 344,945 | 604,800 |
| **Absorbed from C&I Motors** | | | | | |
| Specific impairment | - | - | - | 30,469 | 30,469 |
| Collective impairment | - | - | - | - | - |
| | - | - | - | 30,469 | 30,469 |
| **At 31 December 2016** | | | | | |
| Specific impairment | 4,096 | 430,882 | (1,966) | 854,879 | 1,287,891 |
| Collective impairment | - | 37,160 | 19,385 | 149,299 | 205,844 |
| | 4,096 | 468,042 | 17,419 | 1,004,178 | 1,493,735 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| **39.** | **Lease rental income** | | | | |
| | Finance lease | **3,264,172** | 3,436,121 | **3,189,822** | 3,391,647 |
| | Operating lease | **5,846,584** | 4,740,932 | **3,544,340** | 3,298,994 |
| | | **9,110,756** | 8,177,053 | **6,734,162** | 6,690,641 |
| **40.** | **Lease interest expense** | | | | |
| | Finance lease interest | **1,697,754** | 1,396,977 | **451,024** | 568,864 |
| | Commercial notes interest | **708,544** | 559,792 | **708,544** | 559,792 |
| | Term loans interest | **343,820** | 237,085 | **343,820** | 226,618 |
| | | **2,750,118** | 2,193,854 | **1,503,388** | 1,355,274 |
| **41.** | **Outsourcing income** | | | | |
| | Outsourcing rental | **5,897,682** | 5,509,121 | **5,897,682** | 5,509,121 |
| | Outsourcing service expense | **(5,179,863)** | (4,821,896) | **(5,179,863)** | (4,821,896) |
| | | **717,819** | 687,225 | **717,819** | 687,225 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2016 | 2015 | 2016 | 2015 |
| | | N'000 | N'000 | N'000 | N'000 |
| **42.** | **Vehicle sales** | | | | |
| | Vehicles | **231,128** | 182,000 | **231,128** | - |
| | Accessories | **77,040** | 60,869 | **77,040** | - |
| | Others | **78,416** | 16,316 | **78,416** | - |
| | | **386,584** | 259,185 | **386,584** | - |
| **43.** | **Vehicles operating expenses** | | | | |
| | Vehicles | **190,508** | 157,930 | **190,508** | - |
| | Accessories | **150,859** | 47,196 | **150,859** | - |
| | Others | **4,592** | 5,762 | **4,592** | - |
| | | **345,959** | 210,888 | **345,959** | - |
| **44.** | **Tracking and tagging income** | | | | |
| | Tracking income | **388,880** | **130,594** | **388,880** | 130,594 |
| | Tracking expenses | **(287,233)** | (31,361) | **(287,233)** | (31,361) |
| | | **101,647** | 99,233 | **101,647** | 99,233 |
| **45.** | **Interest income** | | | | |
| | Interest on loans and advances | **-** | 3,575 | **-** | 153,815 |
| | Interest on bank deposits | **8,927** | 16,816 | **8,927** | 16,765 |
| | | 8,927 | 20,391 | **8,927** | 170,580 |

| | | | | | |
|---|---|---|---|---|---|
| **46.** | **Other income** | | | | |
| | Gain on sale of operating lease assets (Note 46.1) | **68,208** | 179,556 | **12,259** | 179,556 |
| | Gain on sale of property, plant and equipment (Note 46.2) | **229** | 59,093 | **738** | 870 |
| | Foreign exchange gain | **1,095,259** | - | **1,095,437** | - |
| | Gain on disposal of finance lease assets (Note 46.3) | **189,493** | - | **189,493** | - |
| | Insurance claims received | **6,833** | 14,029 | **6,833** | 14,029 |
| | Insurance income on finance leases | **3,156** | 2,110 | **3,156** | 2,110 |
| | Investment income | **7,003** | 107,904 | **7,003** | 107,904 |
| | Frank investment income | **122** | 267 | **122** | 267 |
| | Rent received | **-** | 433 | **-** | 433 |
| | Others | **(147,333)** | 117,921 | **(219,985)** | 41,231 |
| | | **1,222,970** | 481,313 | **1,095,056** | 346,400 |
| **46.1** | **Gain on sale of operating lease assets** | | | | |
| | Gross value | **424,545** | 398,034 | **127,012** | 274,357 |
| | Accumulated depreciation | **(371,072)** | (360,114) | **(116,741)** | (259,314) |
| | Carrying amount | **53,473** | 37,920 | **10,271** | 15,043 |
| | Proceeds from sale | **121,681** | 217,476 | **22,530** | 194,599 |
| | **Profit on disposal** | **68,208** | 179,556 | **12,259** | 179,556 |

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **N'000** | N'000 | **N'000** | N'000 |
| **46.2** | Gain on sale of property, plant and equipment | | | | |
| | Gross value | **40,829** | 9,695 | **15,300** | 4,595 |
| | Accumulated depreciation | **(36,181)** | (7,429) | **(13,913)** | (4,595) |
| | Carrying amount | **4,648** | 2,266 | **1,388** | - |
| | Proceeds from sale | **4,877** | 61,359 | **2,125** | 870 |
| | **Profit on disposal** | **229** | 59,093 | **738** | 870 |
| **47.** | **Operating expenses** | | | | |
| | Direct operating expenses | **2,275,060** | 2,322,664 | **3,850,648** | 2,855,244 |
| | Finance lease assets maintenance | **356,213** | 217,739 | **356,213** | 217,739 |
| | Finance lease assets insurance | **109,993** | 141,267 | **109,993** | 141,267 |
| | | **2,741,266** | 2,681,670 | **4,316,854** | 3,214,250 |
| **48.** | **Depreciation expense** | | | | |
| | Operating lease assets | **1,976,641** | 1,726,421 | **486,716** | 994,787 |
| | Property, plant and equipment | **170,919** | 121,831 | **69,756** | 59,419 |
| | Amortisation of intangible assets | | | | |
| | - Computer software | **-** | 120,600 | **-** | 120,600 |
| | | **2,147,560** | 1,968,852 | **556,472** | 1,174,806 |
| **49.** | **Personnel expense** | | | | |
| | Salaries and allowances | **668,488** | 630,471 | **622,553** | 520,498 |
| | Pension contribution expense | **31,620** | 40,013 | **27,386** | 36,750 |
| | Performance bonus | **-** | 22,172 | **-** | 22,172 |
| | Training and medical | **88,530** | 69,732 | **64,618** | 67,649 |
| | | **788,638** | 762,388 | **714,557** | 647,069 |
| **50.** | **Distribution expenses** | | | | |
| | Marketing | **10,564** | 175 | **10,564** | - |
| | Advertising | **10,099** | 13,304 | **10,099** | - |
| | | 20,663 | 13,479 | **20,663** | - |

**51. Administrative expenses**

| | | | | |
|---|---|---|---|---|
| Auditors' remuneration | **24,841** | 26,101 | **18,940** | 16,940 |
| Directors' emoluments | **31,221** | 58,731 | **25,245** | 57,361 |
| Foreign exchange loss | **680** | 123,424 | **680** | 96,039 |
| Bank charges | **184,998** | 183,752 | **161,268** | 165,865 |
| Fuel and maintenance | **55,320** | 64,948 | **52,610** | 55,777 |
| Insurance | **24,861** | 23,021 | **24,861** | 21,804 |
| Advert and external relations | **42,546** | 17,069 | **22,072** | 17,069 |
| Travel and entertainment | **135,081** | 117,169 | **126,811** | 109,429 |
| Legal and professional expenses | **162,142** | 82,485 | **146,761** | 79,256 |
| Communications | **60,096** | 64,368 | **54,164** | 63,989 |
| Subscriptions | **70,951** | 75,449 | **57,406** | 74,161 |
| Inventory Losses/Write Offs | **97,107** | - | **97,107** | - |
| Levies and penalties | **7,591** | 34,674 | **7,591** | 34,674 |
| Other administrative expenses | **216,042** | 426,419 | **147,606** | 275,245 |
| | **1,113,477** | 1,297,610 | **943,122** | 1,067,609 |

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** |
| | **N'000** | N'000 | **N'000** | N'000 |
| **52. Reconciliation of profit after tax to net cash provided by operating activities:** | | | | |
| Profit after taxation | **875,968** | 139,203 | **(10,210)** | 143,031 |
| **Adjustment to reconcile profit after tax to net cash provided by operating activities:** | | | | |
| Depreciation of property, plant and equipment | **183,689** | 120,370 | **63,739** | 59,421 |
| Depreciation of operating lease assets | **2,264,296** | 1,743,161 | **792,709** | 994,786 |
| Amortisation | **28,054** | 120,600 | **15,949** | 120,600 |
| Impairment charge | **83,127** | 247,435 | **261,821** | 246,552 |
| Interest on finance lease facilities and loans | **2,750,118** | 2,193,854 | **1,503,388** | 1,355,274 |
| Non controlling interest in increase in share capital | **44,899** | 9,565 | **-** | - |
| Exchange (gain)/loss | **12,484** | 522,842 | **12,484** | 522,842 |
| Increase/(decrease) in current income tax liability | **48,592** | 283,155 | **52,611** | 262,803 |
| (Decrease)/Increase in deferred income tax assets | **3,642** | - | **-** | - |
| (Decrease)/Increase in deferred income tax liability | **26,607** | 33,716 | **-** | - |
| Profit on disposal of operating lease assets | **(68,207)** | (179,556) | **(12,259)** | (179,556) |
| Profit on disposal of property, plant and equipment | **(229)** | (59,093) | **(738)** | (870) |
| Write off of Investments in Subsidiary | **-** | - | **700,000** | - |
| Foreign currency translation | **(2,247,336)** | (294,429) | **(929,016)** | - |
| Operating profit before changes in operating assets and liabilites | **3,129,736** | 4,741,620 | **2,460,689** | 3,381,852 |
| Net decrease/(increase) in operating assets (Note 53) | **(9,847,784)** | (9,109,442) | **(8,254,028)** | (9,026,940) |
| Net increase in operating liabilities (Note 54) | **6,072,711** | 4,101,912 | **5,522,369** | 3,872,222 |
| **Total adjustments** | **(645,338)** | (265,910) | (270,970) | (1,772,866) |
| Cashflows generated from operating activities | **230,631** | **(126,707)** | **(281,180)** | **(1,629,835)** |

| | | | | | |
|---|---|---|---|---|---|
| **53.** | **Decrease/(increase) in operating assets** | | | | |
| | Loans and receivables | **(5,346,619)** | (8,715,881) | **(17,626,279)** | (13,521,335) |
| | Finance lease receivables | **704,651** | 68,772 | **194,625** | 182,260 |
| | Other assets | (153,788) | (77,163) | **9,343,853** | 4,344,661 |
| | Inventories | **201,981** | 133,669 | **(166,227)** | (32,526) |
| | Trade and other receivables | **(5,254,010)** | (518,839) | **-** | - |
| | | **(9,847,784)** | (9,109,442) | **(8,254,028)** | (9,026,940) |
| **54.** | **Increase in operating liabilities** | | | | |
| | Commercial notes | **1,462,281** | 671,209 | **1,749,303** | 673,749 |
| | Other liabilities | **3,940,920** | 3,210,406 | **3,285,701** | 2,978,176 |
| | Retirement benefit obligations | **669,510** | 220,297 | **487,365** | 220,297 |
| | | **6,072,711** | 4,101,912 | **5,522,369** | 3,872,222 |

## 55. Basic earnings per share

Earnings per share (basic) (EPS) have been computed for each period on the profit after taxation attributable to ordinary shareholders and divided by the weighted average number of issued N0.50 ordinary shares during the period. While diluted earnings per share is calculated by adjusting the weighted average ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were no potential dilutive shares in December 2016 (December 2015 : Nil).

| | | **Group** | | **Company** | |
|---|---|---|---|---|---|
| | | **2016 N'000** | **2015 N'000** | **2016 N'000** | **2015 N'000** |
| | **Profit after taxation** | **875,968** | 139,203 | **(10,210)** | 143,031 |
| | | **Number** | **Number** | **Number** | **Number** |
| | Number of shares at period end | **1,617,010** | 1,617,010 | **1,617,010** | 1,617,010 |
| | Time weighted average number of shares in issue | **1,617,010** | 1,617,010 | **1,617,010** | 1,617,010 |
| | Diluted number of shares | **1,617,010** | 1,617,010 | **1,617,010** | 1,617,010 |
| | Earnings per share (EPS) (kobo) - basic | **54** | **8.61** | **(0.63)** | **8.85** |
| | Earnings per share (EPS) (kobo) - diluted | **54** | **8.61** | **(0.63)** | **8.85** |
| | | **N'000** | **N'000** | **N'000** | **N'000** |
| **56.** | **Information regarding Directors and employees** | | | | |
| **56.1** | **Directors** | | | | |
| **56.1.1** | **Directors' emoluments** | | | | |
| | Fees | **19,415** | 18,363 | **17,000** | 17,000 |
| | Other emoluments | **8,245** | 18,245 | **8,245** | 18,245 |
| | | **27,660** | 36,608 | **25,245** | 35,245 |
| **56.1.2** | Fees and emoluments disclosed above excluding pension contributions include amounts paid to: | | | | |
| | The Chairman | **3,000** | 3,000 | **3,000** | 3,000 |
| | Other Directors | **12,000** | 14,000 | **12,000** | 14,000 |

**56.1.3** The number of Directors [including the Chairman and the highest paid Director] who received fees and other emoluments [excluding pension contributions] in the following ranges were :

| | | Number | Number | Number | Number |
|---|---|---|---|---|---|
| N240,001 | - N400,000 | **-** | - | **-** | - |
| N400,001 | - N1,550,000 | **8** | 10 | **6** | 8 |
| N1,550,001 | - N5,000,000 | **1** | 1 | **-** | - |
| N5,000,000 | - N8,000,000 | **-** | - | **1** | 1 |
| N8,000,001 | - N11,000,000 | **1** | 1 | **1** | 1 |
| | | **10** | 12 | **8** | 10 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2016 Number | 2015 Number | 2016 Number | 2015 Number |
| **56.2 Employees** | | | | |
| **56.2.1** The average number of persons employed by the Group during the perid was as follows: | | | | |
| Managerial | **29** | 29 | **19** | 19 |
| Senior staff | **48** | 48 | **42** | 42 |
| Junior staff | **476** | 506 | **394** | 424 |
| | **553** | 583 | **455** | 485 |

**56.2.2** The number of employess of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:

| N | N | | | | |
|---|---|---|---|---|---|
| 250,001 | 370,000 | **159** | 159 | **150** | 150 |
| 370,001 | 420,000 | **226** | 256 | **188** | 218 |
| 430,001 | 580,000 | **80** | 80 | **50** | 50 |
| 580,001 | 700,000 | **24** | 24 | **21** | 21 |
| 700,001 | 750,000 | **18** | 18 | **15** | 15 |
| 840,001 | 850,000 | **14** | 14 | **12** | 12 |
| 1,000,001 | 1,100,000 | **12** | 12 | **5** | 5 |
| 1,100,001 | 1,150,000 | **5** | 5 | **4** | 4 |
| 1,200,001 | 1,400,000 | **5** | 5 | **4** | 4 |
| 1,500,000 | 1,550,000 | **5** | 5 | **4** | 4 |
| 1,650,000 | 2,050,000 | **5** | 5 | **2** | 2 |
| | | **553** | 583 | **455** | **586** |

## 57. Reclassification of comparative figures

Certain comparative figures in these financial statements have been restated to give a more meaningful comparison.

### 58. Events after the reporting date

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 Group's financial position as at the reporting date or its result for the year then ended.

### 59. Financial commitments

The Directors are of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the group have been take into consideration in the preparation of these financial statements.

### 60. Contingent assets/(liabilities)

The Group is not subject to any claim and other liabilities nor assets arising in the normal course of the business for the period ended 31 December 2016 (31 December 2015: Nil).

### 61. Related party transactions

The Group is controlled by C & I Leasing Plc, whose share are widely held. The parent company is a finance company.

A number of transactions are entered into with related parties in the normal course of business. These include loans and borrowings.

The volumes of related-party transactions, outstanding balances at the perod-end, and related expense and income for the year are as follows:

### 61.1 Loans and advances to related parties

The company granted various loans to other companies that have common directors with the company and those that are members of the group. The rates and terms agreed are comparable to other facilities being held in the company's portfolio. Details of these are described below:

| | **2016 N'000** | 2015 N'000 |
|---|---|---|
| C&I Motors Limited | - | 883,628 |
| EPIC International FZE, U.AE. | **7,752,512** | 4,654,371 |
| Leasafric, Ghana | **16,351** | - |
| Diamond bank | **-** | 743,502 |
| | **7,768,863** | 6,281,501 |

No impairment loss has been recognised in respect of loans given to related parties.

The loans to subsidiaries are non-collaterised loans and advances at below market rates at 10%. These loans have been eliminated on consolidation and do not form part of the reported Group loans and advances.

## 62. Segment reporting

### 62.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the period ended 31 December 2016:

| | Fleet management N'000 | Personnel outsourcing N'000 | Marine services N'000 | Citrack N'000 | Total N'000 |
|---|---|---|---|---|---|
| **Gross earnings** | **3,518,096** | **5,908,469** | **4,695,138** | **389,588** | **14,511,291** |
| Operating income | 3,007,315 | 5,736,301 | 3,881,082 | 383,205.22 | 13,007,903 |
| Operating expenses | (2,291,216) | (5,179,864) | (2,371,597) | (287,233.49) | (10,129,910) |
| Depreciation | (334,579) | (9,622) | (209,385) | (2,885.76) | (556,472) |
| Impairment loss | - | - | | - | - |
| Personnel expense | (273,703) | (120,001) | (290,438) | (30,415.65) | (714,557) |
| Other operating expenses | (573,148) | (132,955) | (834,673) | (27,807.73) | (1,568,584) |
| Profit before taxation | **(465,332)** | **293,860** | **174,989** | **34,863** | **38,380** |
| Total assets employed | 1,724,192 | 673,872 | 9,017,634 | 26,697 | 11,442,396 |
| Interest expense | 510,782 | 172,168 | 814,056 | 6,382 | 1,503,388 |
| Earnings before interest and tax | 45,450 | 466,028 | 989,046 | 41,245 | 1,541,768 |
| **ROCE (EBIT / total asset)** | **3%** | **69%** | **11%** | **154%** | **13%** |

| | 2016 N'000 | 2015 N'000 |
|---|---|---|
| **62.2 Geographical information** | | |
| **1. Revenue** | | |
| Nigeria | **14,511,291** | 12,194,307 |
| Ghana | **2,504,507** | 1,629,756 |
| United Arab Emirates | **2,275,966** | 753,594 |
| | **19,291,764** | 14,577,657 |
| **2. Total assets** | | |
| Nigeria | **27,012,907** | 17,055,195 |
| Ghana | **5,370,130** | 3,434,416 |
| United Arab Emirates | **6,747,455** | 8,798,747 |
| | **39,130,492** | 29,288,358 |

# VALUE ADDED STATEMENT – GROUP
# FOR THE YEAR ENDED 31 DECEMBER 2016

| | 2016 N'000 | % | 2015 N'000 | % |
|---|---|---|---|---|
| Gross income | **17,015,799** | | 14,577,657 | |
| Interest expense | **(2,750,118)** | | (2,193,854) | |
| | **14,265,680** | | 12,383,803 | |
| **Bought in goods and services:** | | | | |
| - Local | **(7,460,210)** | | (6,868,425) | |
| - Foreign | **-** | | - | |
| **Value added** | **6,805,471** | **100** | 5,515,378 | 100 |
| **Distribution:** | | | | |
| **Payment to employees:** | | | | |
| Salaries, wages and other benefits | **788,638** | **12** | 762,388 | 14 |
| **To pay government:** | | | | |
| Current income tax | **111,715** | **2** | 283,155 | 5 |
| **To pay shareholders:** | | | | |
| Dividend | **82,930** | **1** | **124,645** | 2 |
| **To pay providers of capital:** | | | | |
| Interest | **2,750,118** | **40** | 2,193,854 | 40 |
| **Retained for future replacement of assets and expansion of business:** | | | | |
| - Depreciation | **2,147,560** | **32** | 1,968,852 | 36 |
| - Deferred income tax | **3,642** | **0** | 33,716 | 1 |
| - Profit for the year | **920,867** | **14** | 148,768 | 3 |
| | **6,805,471** | **100** | 5,515,378 | 100 |

Value added is the additional wealth created by the efforts of the Group and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

# VALUE ADDED STATEMENT - COMPANY
# FOR THE YEAR ENDED 31 DECEMBER 2016

| | 2016 N'000 | % | 2015 N'000 | % |
|---|---|---|---|---|
| Gross income | **14,511,291** | | 12,847,336 | |
| Interest expense | **(1,503,388)** | | (1,355,274) | |
| | **13,007,902** | | 11,492,062 | |
| **Bought in goods and services:** | | | | |
| - Local | **(10,133,684)** | | (7,934,331) | |
| - Foreign | **-** | | - | |
| **Value added** | **2,874,218** | **100** | 3,557,731 | 100 |
| **Distribution:** | | | | |
| **Payment to employees:** | | | | |
| - Salaries, wages and other benefits | **714,557** | **25** | 647,069 | 18 |
| **To pay Government:** | | | | |
| - Current income tax | **48,592** | **2** | 117,526 | 3 |
| **To pay shareholders:** | | | | |
| - Dividend | **61,419** | **2** | 120,025 | 3 |
| **To pay providers of capital:** | | | | |
| - Interest | **1,503,388** | **52** | 1,355,274 | 38 |
| **Retained for future replacement of assets and expansion of business:** | | | | |
| - Depreciation of property, plant and equipment | | **-** | 1,174,806 | 33 |
| - Deferred income tax | **556,472** | **19** | - | - |
| - Profit for the year | **(10,210)** | **(0)** | 143,031 | 4 |
| | **2,874,218** | **100** | 3,557,731 | 100 |

Value added is the additional wealth created by the efforts of the Company and its employees. This statement shows the allocation of that wealth between the employees, government, shareholders and that re-invested for the future creation of more wealth.

# FINANCIAL SUMMARY - GROUP
# 31 DECEMBER 2016

| | **2016** | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | **N'000** | N'000 | N'000 | N'000 | N'000 |
| **Statement of financial position** | | | | | |
| **Assets** | | | | | |
| Cash and balances with banks | **983,183** | 1,417,825 | 1,470,072 | 979,909 | 394,255 |
| Loans and receivables | **226,512** | 471,528 | 743,985 | 819,485 | 808,507 |
| Trade and other receivables | **9,962,673** | 6,542,523 | 3,970,054 | 2,731,243 | 2,520,404 |
| Finance lease receivables | **1,728,632** | 2,433,283 | 2,492,275 | 3,295,079 | 3,885,863 |
| Available for sale assets | **20,044** | 15,379 | 15,729 | 25,282 | 24,401 |
| Other assets | **314,778** | 160,990 | 83,827 | 119,592 | 68,761 |
| Inventories | **229,219** | 431,200 | 573,709 | 833,054 | 766,171 |
| Operating lease assets | **22,521,767** | 15,475,375 | 11,730,045 | 8,248,911 | 7,586,359 |
| Property, plant and equipment | **1,479,740** | 1,418,287 | 1,231,117 | 1,139,621 | 1,042,925 |
| Intangible assets | **27,631** | 34,321 | 145,365 | 33,187 | - |
| Current income tax assets | **26,556** | 22,699 | 12,897 | 373 | 36,184 |
| Deferred income tax assets | **850,965** | 854,607 | 864,951 | 884,244 | 863,612 |
| **Total assets** | **38,371,700** | 29,278,017 | 23,334,026 | 19,109,980 | 17,997,442 |
| **Liabilities** | | | | | |
| Balance due to banks | **910,963** | 718,804 | 579,861 | 639,306 | 832,682 |
| Commercial notes | **7,060,371** | 5,598,090 | 4,926,881 | 2,974,143 | 2,129,197 |
| Trade and other payables | **5,300,648** | 3,261,843 | 2,004,314 | 2,427,589 | 1,807,104 |
| Deferred maintenance charge | **-** | - | - | - | - |
| Current income tax liability | **102,392** | 464,216 | 212,216 | 208,808 | 129,564 |
| Other liabilities | **-** | - | - | - | - |
| Borrowings | **16,699,543** | 13,356,957 | 9,663,465 | 7,654,602 | 7,967,030 |
| Retirement benefits obligation | **37,024** | 47,989 | 35,238 | 24,288 | 164,669 |
| Deferred income tax liability | **167,732** | 141,125 | 107,409 | 62,802 | 47,134 |
| **Total liabilities** | **30,278,673** | 23,589,024 | 17,529,384 | 13,991,538 | 13,077,380 |
| **Equity** | | | | | |
| Share capital | **808,505** | 808,505 | 808,505 | 808,505 | 808,505 |
| Share premium | **2,466,012** | 679,526 | 679,526 | 679,526 | 679,526 |
| Deposit for shares | **679,526** | 2,453,528 | 2,091,430 | 1,937,850 | 1,951,350 |
| Statutory reserves | **1,039,228** | 829,325 | 722,521 | 572,935 | 460,532 |
| Statutory credit reserve | **626,343** | 613,725 | 262,799 | 48,447 | 16,648 |
| Retained earnings | **511,859** | (54,767) | 388,405 | 509,704 | 502,786 |
| Exchange translation reserve | **1,097,318** | (393,369) | 204,342 | 30,327 | 100,631 |
| AFS fair value reserve | **(848)** | (5,513) | (5,163) | 4,394 | 3,510 |
| Revaluation reserve | **643,246** | 581,094 | 484,903 | 395,882 | 243,840 |
| | **7,871,189** | 5,512,054 | 5,637,268 | 4,987,570 | 4,767,328 |
| Non-controlling interest | **221,838** | 176,939 | 167,374 | 130,872 | 152,734 |
| **Total equity** | **8,093,027** | 5,688,993 | 5,804,642 | 5,118,442 | 4,920,062 |
| **Total liabilities and equity** | **38,371,700** | 29,278,017 | 23,334,026 | 19,109,980 | 17,997,442 |

# FINANCIAL SUMMARY - GROUP
# 31 DECEMBER 2016

| | **2016** | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | **N'000** | N'000 | N'000 | N'000 | N'000 |
| **Income statement** | | | | | |
| **Gross earnings** | **17,015,799** | 14,577,657 | 13,883,942 | 12,299,459 | 11,760,468 |
| Operating income | **17,015,799** | 7,351,019 | 7,378,260 | 12,299,459 | 11,760,468 |
| Operating expenses | **(11,304,440)** | (2,713,031) | (3,288,141) | (8,567,268) | (8,029,066) |
| **Net operating income** | **5,711,359** | 4,637,988 | 4,090,119 | 3,732,191 | 3,731,402 |
| Impairment charge | **(604,798)** | (130,020) | 52,985 | (2,358) | (277,404) |
| Depreciation expenses | **(2,147,560)** | (1,968,852) | (1,606,265) | (1,361,117) | (1,196,197) |
| Personnel expenses | **(788,638)** | (762,388) | (713,699) | (753,752) | (769,157) |
| Other operating expenses | **(1,134,140)** | (1,311,089) | (1,411,334) | (1,310,441) | (1,308,021) |
| **Profit/(loss) before tax** | **1,036,224** | 465,639 | 411,806 | 304,523 | 180,623 |
| Income tax expense | **(115,357)** | (316,871) | (233,739) | (142,926) | 72,277 |
| **Profit/(loss) after tax** | **920,867** | 148,768 | 178,067 | 161,597 | 252,900 |
| **Profit/(loss) attributable to:** | | | | | |
| Owners of the parent | **875,968** | 139,203 | 170,246 | 183,459 | 253,962 |
| Non-controlling interest | **44,899** | 9,565 | 7,821 | (21,862) | (1,062) |
| | **920,867** | 148,768 | 178,067 | 161,597 | 252,900 |
| Earnings/(loss) per share in kobo (basic) | **54.17** | 8.61 | 19.15 | 11 | 16 |

# FINANCIAL SUMMARY - COMPANY
# 31 DECEMBER 2016

| | **2016** | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | **N'000** | N'000 | N'000 | N'000 | N'000 |
| **Statement of financial position** | | | | | |
| **Assets** | | | | | |
| Cash and balances with banks | **255,259** | 657,616 | 392,446 | 820,466 | 200,591 |
| Loans and receivables | **226,512** | 471,528 | 743,985 | 2,530,000 | 1,271,711 |
| Trade and other receivables | **16,527,685** | 11,945,566 | 7,354,182 | 2,700,137 | 2,293,864 |
| Finance lease receivables | **1,724,539** | 1,919,164 | 2,099,601 | 2,069,810 | 2,534,683 |
| Available for sale financial assets | **20,044** | 15,379 | 15,729 | 25,282 | 24,401 |
| Investments in subsidiaries | **758,967** | 1,458,967 | 1,458,967 | 1,605,155 | 1,605,155 |
| Other assets | **122,411** | 153,703 | 57,784 | 73,582 | 6,109 |
| Inventories | **229,219** | 62,992 | 30,466 | - | - |
| Operating lease assets | **5,124,241** | 5,384,311 | 5,710,877 | 6,148,729 | 6,877,565 |
| Property, plant and equipment | **1,144,951** | 1,094,794 | 1,060,541 | 1,011,388 | 900,019 |
| Intangible assets | **24,472** | 34,321 | 145,365 | 33,187 | - |
| Deferred income tax assets | **854,607** | 813,120 | 813,120 | 813,120 | 813,120 |
| **Total assets** | **27,012,907** | 24,011,461 | 19,883,063 | 17,830,856 | 16,527,218 |
| **Liabilities** | | | | | |
| Balance due to banks | **803,740** | 677,208 | 579,839 | 590,121 | 670,003 |
| Commercial notes | **7,337,187** | 5,587,884 | 4,914,135 | 2,967,907 | 2,127,996 |
| Trade and other liabilities | **4,669,794** | 3,041,772 | 1,657,673 | 1,237,508 | 1,010,128 |
| Current income tax liability | **102,393** | 440,816 | 201,815 | 191,822 | 118,832 |
| Borrowings | **8,377,788** | 7,610,963 | 6,147,986 | 6,801,489 | 6,810,269 |
| Retirement benefit obligations | **37,024** | 47,989 | 35,238 | 24,288 | 164,669 |
| **Total liabilities** | **21,327,926** | 17,406,632 | 13,536,686 | 11,813,135 | 10,901,897 |
| **Equity** | | | | | |
| Share capital | **808,505** | 808,505 | 808,505 | 808,505 | 808,505 |
| Deposit for shares | **2,466,012** | 2,453,528 | 2,091,430 | 1,937,850 | 1,951,350 |
| Share premium | **679,526** | 679,526 | 679,526 | 679,526 | 679,526 |
| Statutory reserve | **651,203** | 651,203 | 608,294 | 510,952 | 425,359 |
| Statutory credit reserve | **613,585** | 597,077 | 246,151 | 31,799 | - |
| Retained earnings | **(176,753)** | 1,223,732 | 1,594,561 | 1,648,813 | 1,513,231 |
| Foreign currency translation reserve | **-** | (384,323) | (161,830) | - | - |
| AFS fair value reserve | **(848)** | (5,513) | (5,163) | 4,394 | 3,510 |
| Revaluation reserve | **643,751** | 581,094 | 484,903 | 395,882 | 243,840 |
| **Total equity** | **5,684,981** | 6,604,829 | 6,346,377 | 6,017,721 | 5,625,321 |
| **Total liabilities and equity** | **27,012,907** | 24,011,461 | 19,883,063 | 17,830,856 | 16,527,218 |

# FINANCIAL SUMMARY - COMPANY
# 31 DECEMBER 2016

| | **2016** | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | **N'000** | N'000 | N'000 | N'000 | N'000 |
| **Income statement** | | | | | |
| **Gross earnings** | **14,511,291** | 12,847,336 | 12,458,699 | 10,239,813 | 10,092,696 |
| Operating income | **14,511,291** | 12,847,336 | 12,458,699 | 10,239,813 | 10,092,696 |
| Operating expenses | **(11,633,297)** | (9,422,781) | (9,486,119) | (7,310,123) | (7,053,098) |
| **Net operating income** | **2,877,994** | **3,424,555** | **2,972,580** | **2,929,690** | **3,039,598** |
| Impairment charge | **(604,798)** | (129,237) | (10,640) | 35,652 | (241,705) |
| Depreciation expenses | **(556,472)** | (1,174,806) | (1,102,822) | (1,070,107) | (950,627) |
| Personnel expenses | **(714,557)** | (647,069) | (595,731) | (584,942) | (644,949) |
| Other operating expenses | **(963,785)** | (1,067,609) | (754,419) | (951,989) | (966,338) |
| Loss on disposal of subsidiary | **-** | - | (1,667) | - | - |
| **Profit before tax** | **38,382** | **405,834** | **507,301** | **358,304** | **235,979** |
| Income tax expense | **(48,592)** | (262,803) | (182,830) | (72,990) | 74,749 |
| **Profit after tax** | **(10,210)** | **143,031** | **324,471** | **285,314** | **310,728** |
| **Profit attributable to:** | | | | | |
| Owners of the parent | **(10,210)** | **143,031** | **324,471** | **285,314** | **310,728** |
| Non-controlling interest | **-** | - | - | - | - |
| | **(10,210)** | **143,031** | **324,471** | **285,314** | **310,728** |
| Earnings per share in kobo (basic) | **(0.63)** | 9 | 20 | 4 | 10 |

# Notes

Affix
Current Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

CENTURION
REGISTRARS

# E-DIVIDEND MANDATE ACTIVATION FORM

**Instructions** | **Only Clearing Banks are acceptable**

Please complete all section of this form to make it eligible for processing and return to the address below

**The Registrar**
Centurion Registrars
33C, Cameron Road,
Ikoyi
Lagos State

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

| | |
|---|---|
| **Bank Verification Number** | |
| **Bank Name/ Account No.** | |
| **Account Opening Date** | |

**Shareholder Account Information**

**SURNAME** | **FIRSTNAME**

**OTHER NAMES**

**ADDRESS**

**CITY** | **STATE** | **COUNTRY**

**PREVIOUS ADDRESS (IF ANY)**

**CHN (IF ANY)**

**MOBILE TELEPHONE 1** | **MOBILE TELEPHONE 2**

**EMAIL ADDRESS**

**SHAREHOLDERS' SIGN** | **COMPANY SEAL (IF ANY)**

**JOINT\COMPANY'S SIGNATORIES** | **Authorised Signatory & Stamp of Banker**

| TICK | NAME OF COMPANY | SHARE A/C NO.(S) |
|---|---|---|
| | DIAMOND BANK PLC | |
| | | |
| | | |
| | C & I LEASING PLC | |
| | | |
| | | |
| | LINKAGE ASSURANCE PLC | |
| | | |
| | | |
| | VITAL PRODUCTS LTD | |
| | | |
| | | |
| | NIGERIAN WIRES INDUSTRIES | |
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| | UNION DICON SALT PLC | |
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Help Desk: customercare.centurionregistrars.com
Centurion Registrars Limited. 33C Cameron Road. Ikoyi. Lagos.   Tel no: +234-01-2902996. 4663631. 4543311. 07045355922
web: www.centurionregistrars.com // e-mail: customercare@centurionregistrars.com

# Proxy Form

**RC No: 161070**

**26TH ANNUAL GENERAL MEETING OF MEMBERS OF THE COMPANY WILL HOLD ON WEDNESDAY, MAY 24, 2017 AT 11.00 AM PROMPT AT THE INCUBATOR, NO. 7/8 CHIEF YESUF ABIODUN WAY, CITY OF DAVID ROAD, ONIRU, VICTORIA ISLAND, LAGOS.**

I/We* ..............................................................................

..............................................................................................

***(Name of Shareholders in block letter)***

Being member/members of C & I Leasing Plc, hereby appoint:

..............................................................................................

..............................................................................................

or failing him Chief Chukwuma Henry Okolo or failing him, Mr. Chukwuemeka E. Ndu or failing him the Chairman of the meeting as my proxy to act and vote for me/us on our behalf at the Annual General Meeting of the Company to be held on the 24th day of May at 11:00 a.m. and at any adjournment thereof:

..............................................................................................

..............................................................................................

Dated this ................. day off ................. 2017

Signature(s) of Shareholder(s)*** ..............................................

| RESOLUTION | FOR | AGAINST |
|---|---|---|
| To receive and consider the Financial Statements for the year ended 31st December, 2016 together with the reports of the Directors, Auditors and Audit Committee thereon. | | |
| To re-elect Mr Jacob Kholi as a director | | |
| To re-elect Mr Larry Olugbenga Ademeso as a director | | |
| To approve the remuneration of the Directors. | | |
| To authorize the Directors to fix the remuneration of the Auditors. | | |
| To elect members of the Audit Committee for the ensuing year. | | |
| That the Company be authorized to redeem the US$2,486,143.09 convertible loan stocks issued to Abraaj Nigeria Advisers Ltd; and that upon its redemption the convertible notes and all coupons thereto be cancelled by the Company. | | |
| That the Company be authorized to redeem the US$10,000,000 redeemable convertible loan stocks issued to Abraaj Nigeria Advisers Ltd; and upon its redemption the convertible notes and all coupons thereto be cancelled by the Company. | | |
| That the directors be and are hereby authorised to take all such incidental, consequential and supplemental actions and to execute all requisite documents as may be necessary to give effect to the above resolutions. | | |
| *Please indicate with an X in the appropriate square how you wish your votes to be cast on resolution set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his direction* | | |

# Proxy Form

**BEFORE POSTING THE ABOVE FORM, TEAR OFF THIS PART AND RETAIN FOR ADMISSION TO THE MEETING.**

---

IF YOU ARE UNABLE TO ATTEND THIS MEETING

A member (Shareholder who is unable to attend this Annual General Meeting is allowed by law to vote on a poll or by a proxy. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

Following the normal practice, the names of two Directors of the Company have been entered on the form to ensure that someone will be at the meeting to act as your proxy but if you wish, you may insert in the blank space on the form (marked **) the name of any person, whether a member of the company or not, who will attend the meeting and vote on your behalf instead of one of the Directors.

Please sign this proxy form and send it so as to reach the address shown overleaf not later than 48 hours before the time for holding the meeting.
If executed by a corporation, the proxy form should be sealed with the corporation's common seal.

IMPORTANT
The name of the Shareholder must be written in BLOCK LETTERS on the proxy form where marked. This admission form must be produced by the Shareholder or his proxy, who need not be a member of the Company, in order to obtain entrance to the Annual General Meeting.

Signature of person attending: ..............................................................................

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FOR COMPANY USE ONLY NO OF SHARES





Hertz




**www.c-ileasing.com**