

Growth

Achievement

Innovation

Ideas

**2013**  
ANNUAL REPORT  
& ACCOUNTS



CENTRAL SECURITIES CLEARING SYSTEM PLC

## VISION



To be the globally respected and leading Central Securities Depository in Africa.

## MISSION

We create value by providing securities depository, clearing, settlement and other services driven by innovative technology and highly skilled work-force.



04	Notice of Annual General Meeting
05	Corporate Information
06	Chairman's Statement
12	Managing Director's Report
17	Corporate Governance Report
24	Directors' Report
27	Strategy Report
32	Enterprise Risk Report
39	Chief Financial Officer's Report

#### ACCOUNTABILITY AND AUDIT:

47	Statement on responsibility for annual financial statement
48	Audit Committee Statement
49	Report of the Independent Auditors to the members of Central Securities Clearing System Plc

#### FINANCIALS:

51	Statement of Profit or Loss and other Comprehensive Income
52	Statement of Financial Position (Balance Sheet)
53	Statement of Changes in Equity
54	Statement of Cash Flows
56	Notes to the Financial Statements
87	Statement of Value Added
88	Financial Summary
90	CSCS Board of Directors
92	CSCS Leadership Team
93	Proposed Amendments to the Company's Articles of Association
98	Proxy Form
100	E-dividend Mandate Form



# SECURITY

We are safety conscious in our interactions taking all necessary precaution to protect valuables entrusted in our care.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 20th Annual General Meeting of the **CENTRAL SECURITIES CLEARING SYSTEM PLC** will be held on Monday May 19th, 2014 at the Lagos Oriental Hotel, No. 3, Lekki Road, Victoria Island Lagos at 11.00 am prompt to transact the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Report of the Directors, the Audited Financial Statements for the period ended December 31st, 2013, and the Reports of the Auditors and Audit Committee thereon.
2. To declare Dividend
3. To elect Directors
4. To authorize the Directors to fix the remuneration of the Auditors
5. To elect members of the Statutory Audit Committee

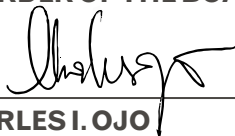
### SPECIAL BUSINESS

To consider and if approved, to pass the following Special Resolution:

6. That pursuant to the provisions of Sections 44 (1) & (2) and 46 (1) and other applicable provisions of the Companies and Allied Matters Act, the consent of the members be and is hereby accorded to alter the Articles 11, 30-35, 39-42, 43- 48 & 50 of Memorandum and Articles of the Company.
7. That the Company Secretary is hereby further authorized to do all acts, deeds and things as may be required or deemed expedient to implement this resolution.

Dated 11th day of April 2014

### BY ORDER OF THE BOARD



**CHARLES I. OJO**  
Company Secretary  
FRC/2014/NBA/00000006051

## NOTES

1. **Proxy**  
A member of the Company entitled to attend and vote at any Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A Proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Registrar of the Company, Africa Prudential Registrars, 220B Ikorodu Road, Lagos State, not less than 48 hours before the time fixed for the meeting.
2. **Dividend**  
If the proposed dividend of 22 kobo per share is approved, the Dividend Warrants will be posted on Friday May 30th 2014 to members whose names appear in the Register of members at the close of business on Monday May 5th, 2014.
3. **Closure of Register of Members**  
The Register of Members will be closed from 5th May, 2014 to May 19th, 2014 (both days inclusive) to enable the Registrar make necessary preparations for the payment of dividend.
4. **Election of Directors**  
(a) In accordance with the provisions of the Articles of Association, following Directors are retiring from the Board and shall not be standing for reelection:
  - Mr. Emmanuel Nnorom;
  - Mr. Herbert Wigwe;
  - Mr. Abubakar Sule
- (b) Consequently, the Board presents for Shareholders' ratification the election of the following individuals as non-executive Directors:
  - Mr. Haruna Jalo-Waziri;
  - Mr. Kennedy Uzorka;
  - Mr. Obinna Nwosu
- (c) Biographical details of the above non-executive directors standing for election are provided in the Annual Report
5. **Statutory Audit Committee**  
In accordance with Section 359 (5) of the Companies and Allied Matters Act, 1990, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than twenty-one (21) days before the Annual General Meeting.  
In accordance with the SEC Code of Corporate Governance, members of the Audit Committee are required to have basic financial literacy and should be able read financial statements. We would therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.
6. **Website**  
A copy of this Notice and other information relating to the meeting can be found at <http://www.cscsnigeria.com>.

## Corporate Information

### DIRECTORS

Oscar Onyema	(Chairman)
Kyari Bukar	(Managing Director)
Herbert Wigwe	Non-Executive Director (up till January 29, 2014)
Emmanuel Nnorom	Non-Executive Director (up till January 6, 2014)
Chidi Agbapu	Non-Executive Director
Umaru Kwairanga	Non-Executive Director
Abubakar Danlami Sule	Non-Executive Director (up till March 10, 2014)
Bayo Olugbemi	Non-Executive Director
Ifueko Omoigui Okauru	Appointed with effect from February 22, 2013
Sola Adeeyo	Appointed with effect from February 22, 2013
Haruna Jalo-waziri	Appointed with effect from December 11, 2013

### COMPANY SECRETARY

Charles I. Ojo

### REGISTERED ADDRESS

Stock Exchange Building  
2/4 Customs Street  
Lagos.

### AUDITORS

Akintola Williams Deloitte  
Akintola Williams Deloitte House  
235 Ikorodu Road  
Lagos.

### BANKERS

Access Bank Plc  
Fidelity Bank Plc  
First Bank of Nigeria Plc  
Guaranty Trust Bank Plc  
United Bank for Africa Plc  
Zenith Bank Plc

### REGISTRARS AND TRANSFER OFFICE

Africa Prudential Registrars Plc  
220B Ikorodu Road  
Palmgrove, Lagos.



## Chairman's Address



Fellow Shareholders, it is with great delight that I welcome you to this 20th Annual General Meeting of your Company. In fulfillment of our promise to continually pursue annual growth in revenue and also to steadily scale up our business operations, your Company has during the year under review improved its services significantly through the deployment of world class information technology whilst it continues to focus on expanding its businesses. In the year under review, your Company kept its focus on compliance with international best practices and further undertook self assessment exercise to evaluate its standing in regard to meeting the Principles for Financial Market Infrastructures (FMIs) as provided by the Committee on Payment and Settlement Systems and the International Organization of Securities Commission (CPSS IOSCO). The Company's efforts at improving its standards and services to its teeming participants, shareholders and other stakeholders have resulted in tremendous achievements in the year under review. I shall provide you with highlights of occurrences in the global economy, a synopsis of the achievements of the Nigerian economy and our very own Capital Market, after which I shall summarize your Company's performance in the year under review.

## Chairman's Address (Cont'd)

### THE GLOBAL ECONOMY

The global economy experienced slight growth during the period under review compared to the expectation for the period. The International Monetary Fund (IMF) report showed an average growth of 2.75% in the first quarter of 2013 above the growth of the corresponding period in 2012. The peculiar issue about the growth is the differences in the growth drivers for each quarter within the year under review. The increase witnessed in the first quarter of 2013 was driven by emerging and developing economies. However in the second quarter of 2013, global growth was driven by advanced economies as emerging and developing economies slowed in growth owing to the occurrence of reduction in credit, lower commodity prices and the fiscal tightening measures adopted by the United States among other economic factors. During the period under review, manufacturing improved in developed economies whilst emerging economies experienced slowed production. The reduction of the quantitative easing by the US Federal Reserve was foreseen as a factor that will positively affect global growth in 2013 and as such resulted in increase in the growth forecasted for developed economies by the Organization for Economic Cooperation and Development (OECD).

### THE NIGERIAN ECONOMY

Notwithstanding the challenges faced by Countries around the globe, the Nigerian economy recorded improvements in the year under review. According to the information from the National Bureau of Statistics (NBS), the Nigerian economy grew by 6.81% in the first three quarters of 2013 from 6.48% in the corresponding period of 2012. One of the major contributors to this growth is the Agricultural Sector given the reforms and innovations recorded by the Federal Ministry of Agriculture. Conversely, the oil sector witnessed regression in 2013 owing to the increased incidents of oil theft and pipeline vandalization across the Country. Depletion in Federal Government revenue during the year resulted in significant funding of expenditure by a drawdown of the Excess Crude Account (ECA). As a result of this, savings in the ECA reduced from \$9 billion in 2012 to \$3.18 billion in 2013.

In the Power Sector, significant achievement was recorded during the period. Government concluded the transfer of its interests in the unbundled Power Holding Company of Nigeria (PHCN) and also commenced the

process of divesting its stake in the National Integrated Power Project (NIPP).

Substantial reforms in the banking sector since 2009 have continued to positively impact the Nigerian economy. The banking sector in 2013 witnessed the introduction of cashless policy, risk based approach to banking supervision, enhanced financial literacy as well as other measures introduced by the Central Bank of Nigeria (CBN). 2013 also witnessed the first full compliance with International Financial Reporting Standards (IFRS) by the Banks. The performance of the banks in the period showed that the banks had fully recovered from the effects of the 2009/2010 banking crisis. None of the banks in 2013 recorded a loss, including the nationalized banks. The Asset Management Corporation of Nigeria (AMCON) has commenced the process of divestment from the nationalized banks indicating progress in the revitalization of these institutions.

The Country maintained a single digit inflation rate during the period. The inflation rate for the first three quarters of 2013 averaged at 8.56, which was lower than the IMF and NBS forecast for the period. This impressive figure has been credited to the continued tight monetary policy of the CBN.

### THE NIGERIAN CAPITAL MARKET

The Nigerian Capital Market experienced significant achievements in the year under review. Positive tail winds from the global economy, relative supportive fiscal policy by both local and foreign Governments, laudable regulatory practices evolved by the Securities and Exchange Commission (SEC) and improvements in the operations of Market Participants are responsible for these accomplishments. Part of the improvements recorded in the year include the launching of The Nigerian Stock Exchange's new trading platform (X-Gen platform) with add-on features that can support trading of different classes of assets including equities, bonds, ETFs, derivatives and other sophisticated instruments.

Further to its commitment towards ensuring efficiency and integrity, The Exchange in the year under review introduced the X-Value which is aimed at providing issuers with investors' relation services. As part of regulatory reforms, the Exchange revised its rules for Dealing members and further received the approval of the Securities & Exchange Commission (SEC) for same



## Chairman's Address (Cont'd)

rules. The Exchange also introduced the X-Issuer, a web portal through which issuers can submit their financial information to The Exchange to enable the issuers provide required information with ease.

Also in year 2013, two Over the Counter (OTC) trading platforms were introduced into the market. The NASD platform now provides trading services for unlisted shares whilst the Financial Market Dealers Quotation (FMDQ) OTC platform provides same services for Nigerian Treasury Bills (NTBs) and Bonds. There is no gainsaying the fact that these two platforms will assist to provide depth to the Market.

In the year under review, the Stock Market recorded an impressive achievement, surpassing its accomplishment in 2008. The NSE All Share Index (ASI) grew by 47.19% and the average daily turnout for equities was N4.17 billion (\$26.10 million), up by 57.36% of the previous year's statistics. The NSE Banking Index increased by 31.86% whilst the NSE Oil/Gas Index appreciated by 122.26%. In same year, listed Companies had a good running with as many as 82 Companies presenting impressive profits at year end. The primary market witnessed major activities in the year under review, even as several Companies raised about N126.98 billion principally through rights issues. The bond market experienced substantial inflow of foreign portfolio owing to the inclusion of the Nigerian Federal Government Bonds in the JP Morgan Emerging Market Index and the Barclay's Index. Four categories of bonds were issued in the period. The Federal Government raised the sum of \$1 billion dollars from the Eurobond market through the issuance of 5 and 10 years maturities Eurobond. A supranational bond worth N12.0 billion was issued by the International Finance Corporation. The bonds market also witnessed the issuance of state bonds and corporate bonds. The market capitalization of bonds remained stationary as it recorded a slight increase from N5.82 trillion in 2012 to N5.85 trillion in 2013.

### OUR PERFORMANCE

#### Compliance

In compliance with the provisions of the Securities & Exchange Commission (SEC) Code of Corporate Governance and Section 359(3) and (4) of the Companies and Allied Matters Act (CAMA), the Statutory Audit Committee of the Company was

constituted in 2013 at the Company's 19th Annual General Meeting. The Committee comprises three Board members and three non Board members who are shareholders of the Company. We are happy to report also that the 2013 Financial Statements of the Company was prepared in line with International Financial Reporting Standards (IFRS), which the Company first adopted in 2012 as prescribed by the Financial Reporting Council of Nigeria (FRCN) and the SEC. Innovations/Diversification

Our Company has always sought to improve its services through continued automation of its processes with first class information technology. The Company within the year under review introduced SWIFT messaging as the means of communication with its Custodian participants. Steps are being taken to extend this form of messaging to other participants of the Company. The Company is in the final stage of its vendor selection for the replacement of its CSD software and shall before the end of the current year acquire the new CSD platform. In addition to the deployment of world class technologies, the Company continually undertakes the training and re-training of its staff to better equip them for the services rendered whilst at the same time attracting new staff to complement the contributions of existing staff.

In terms of its efforts to expand its businesses, the Company had in the year 2013 commenced the clearing and settlement of transactions on the Over-the-Counter platforms to wit; the NASD and the Financial Markets Dealers Quotations (FMDQ) platforms. Additionally, the Company has been engaged to provide clearing, settlement and warehousing services for transactions that will take place on the floor of the Nigerian Commodity Exchange (NCX). The NCX and our Company have signed a Memorandum of Understanding that will govern the provision of the services.

In light of the Company's strategy to establish a Central Counter Party (CCP) Clearing House for the Nigerian Capital Market, the Company undertook a market wide research where it engaged major stakeholders in the capital market as well as the Regulators of the industry to determine the importance of a CCP. In addition to improving the income potential for the Company, the exercise showed that the establishment of a CCP would improve the risk management of transactions in the capital market, increase the variety of products for the

## Chairman's Address (Cont'd)

NSE, and boost international perception of the Market whilst also strengthening the confidence of local investors. The Company has received initial approval for the project from the SEC and is currently partnering with the NSE towards setting up the CCP.

### Memberships

The Company continues to play a significant role within the region it operates in. The Company is a member of the Technical Committee of the West African Capital Market Integration Council (WACMIC). It is also a member of the Association of National Numbering Agencies (ANNA), which allows the Company assign International Securities Identification Numbers (ISIN) to securities issued in Nigeria. In addition to the foregoing, the Company is an active member of the Africa and Middle East Depository Association (AMEDA).

### Board Changes

I would like to appreciate Mr. Emmanuel Nnorom, Mr. Herbert Wigwe and Mr. Abubakar Sule for their immense contributions during their tenure as Board members of the Company. In addition to their duties as Board members, the three of them served at the Board Committee level. Mr. Nnorom served the Company as the Chairman of the Audit & Risk Committee and was also on the Corporate Governance and Remuneration Committee. Mr. Wigwe chaired the Finance and General Purpose Committee whilst also serving on the Technical Committee. Mr. Sule was a member of the Finance and General Purpose Committee as well as the Audit and Risk Committee.

On the other hand, I want to welcome Mr. Haruna Jalo-Waziri, Mr. Obinna Nwosu and Mr. Kennedy Uzoka who will be presented to you shortly for ratification.

Mr. Jalo-Waziri is the Executive Director, Business Development of the NSE. He has over 18 years experience in capital market and investment management. Prior to his current position, he had worked with UBA Asset Management Limited where he served as the MD/CEO. He had also worked in various capacities at the SEC, Afrinvest West Africa, and Kakawa Discount House Limited. He started his career in the Quotations Department of the NSE. Mr. Jalo-Waziri has been appointed as the second representative of the NSE on the Board of the Company. Mr. Nwosu is an accountant with over 20 years Banking

experience from Access Bank and Guaranty Trust Bank. He is the Group Deputy Managing Director and Chief Operating Officer of Access Bank Plc. Before his elevation to this position, he was General Manager and Head, Retail Banking Division, Access Bank Plc. He is the representative of Access Bank on the Company's Board.

Mr. Kennedy Uzoka is the Deputy Managing Director of the United Bank for Africa (UBA) Plc. Prior to this role; he was at various times Head Strategy and Business Transformation of UBA Group, Regional Head South Bank, Group Director Resources, and later Group Human Resources Director. He represents UBA on the Board of the Company.

### CSCS Financial Summary

I am delighted to present you with the financial performance of the Company in the year ended 31st December, 2013. The Company's total revenue grew by 33.16% from N5,172,244,000 in 2012 to N6,887,603,000 in 2013. The financial records of the Company show that its profit before tax increased by 55.92%, from N3,094,174,000 in 2012 to N4,824,283,000 in 2013. The Company's expenditure decreased by -0.71% from N2,078,070,000 in 2012 to N2,063,320,000 in 2013.

### Stakeholders Forum

The Company has continued to engage major Stakeholders in the capital market in order to obtain necessary feedback that will facilitate the improvement of our services. In this regard, the Company during the period under review held several meetings with the Association of Stock Broking Houses of Nigeria (ASHON), a body whose members are Clients of the Company. The Company also interacted with the Custodian Community in order to equally enhance its services to this group of participants.

### OUTLOOK

The IMF predicts that the world economy will record a global growth of 3.6% in 2014 from 2.9% in 2013. The driver of the increase will be the quick recovery of developed economies particularly the United States. In sub-Saharan Africa, it is anticipated that the economy will grow from 5% in 2013 to 6% in 2014.

In Nigeria, the IMF records show that the economy will in 2014 experience growth of 7.4% from 6.2% in 2013. It is expected that projected improvement in the security

## Chairman's Address (Cont'd)

and supply of power will assist in the realization of this prediction.

In our Company, the continuous enhancement and automation of our processes shall form part of the Company's strategy. The Company shall continue to strengthen its corporate governance and will continue to work to deliver more cost efficient services to its Clients. Furthermore, the Company shall in this year focus on replacing its existing clearing and settlement software with a new state of art software that will increase the efficiency with which the Company undertakes its depository, clearing and settlement functions. The establishment of a CCP is another major area of focus for the Company. This will enable us achieve the proposed introduction of derivatives into the market whilst reducing the risk that could result from counterparty failure.

### CONCLUSION

I would like to appreciate the Clients, Shareholders and Stakeholders of our Company for the trust bestowed upon us. I acknowledge the contributions of the Company's Board members who continue to provide exemplary supervision whilst collaborating with Management to pursue the Company's goals. Finally, my profound gratitude goes to the Management and staff of the Company for their tenacity in the execution of the strategy of the Company, and in the provision of requisite services that has resulted in the accomplishment of 2013.

Thank you



**Oscar Onyema**  
Chairman, Board of Directors  
Central Securities Clearing System Plc



# CONFIDENTIALITY

We handle information with respect for privacy, utmost discretion and at absolute legal non-disclosure basis.

## Managing Director's Review



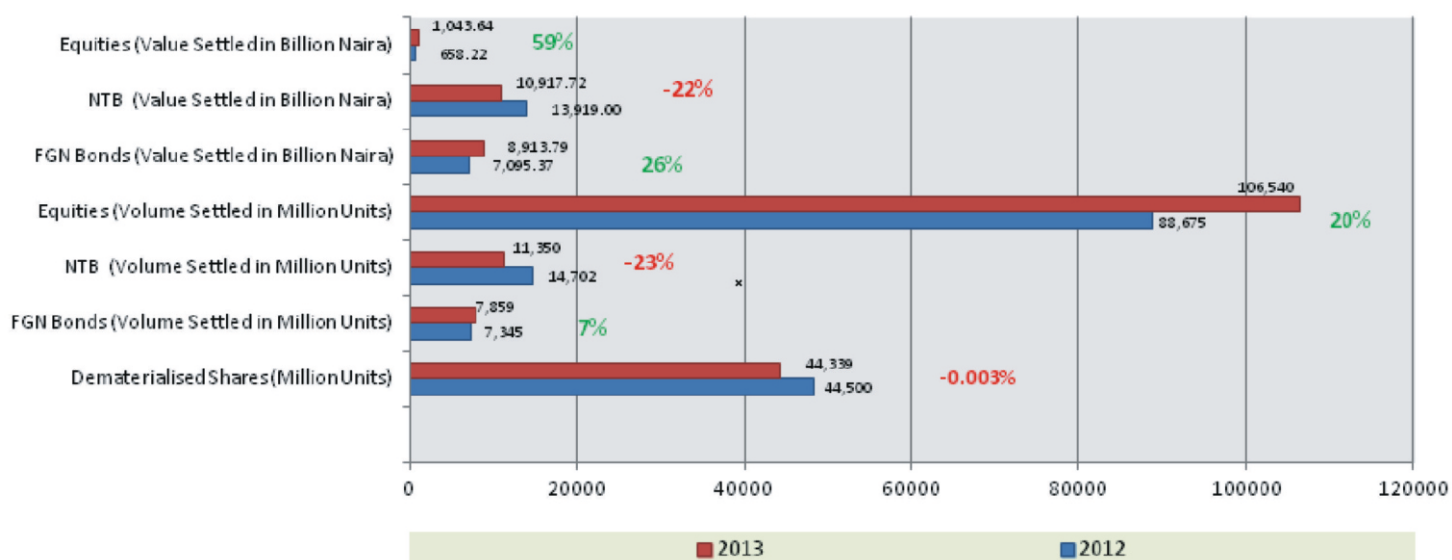
Distinguished Shareholders, ladies and gentlemen, it gives me great pleasure to welcome you to the 20th Annual General Meeting of your Company, the Central Securities Clearing System Plc and to present to you our financial statements for the year ended 31 December 2013 as well as a record of your Company's activities in the year under review.

## Managing Director's Review (Cont'd)

### 1.0 Overview of 2013 Operations

Over the course of the year under review, your Company continued to provide its core services of clearing and settlement of securities traded in the Nigerian Capital Market.

CSCS recorded a significant increase of 59.0% in the value of equities that were cleared and settled (turnover) with total value of transactions standing over N1 trillion. These results indicate that transactions in the year under review exceeded that of 2012 by an increase of 4.0% with net value of transactions amounting to N658.22 billion. This record makes a strong argument in favour of the fair price of Nigerian equities despite the reduction in the number of listed securities (equities, Bonds and ETFs) from 256 in 2012 to 254 in the year under review.



In regard to clearing and settlement of fixed income securities, your Company experienced a downturn in activities relating to this service owing to the Central Bank of Nigeria (CBN) action in December 2013 of withdrawing the clearing and settlement function of Federal Government of Nigeria (FGN) securities (FGN Bonds and Nigerian Treasury Bills) for Deposit Money Banks and Discount houses from CSCS. Currently, the CBN performs the function of clearing and settlement of these securities through its newly established Central Securities Depository. By this action, our participation in clearing and settlement of OTC FGN securities in the Nigerian Capital Market is now reduced by 95%.

The volume of dematerialized shares in the year under review stood at 44.3 billion in contrast with 44.5 billion recorded in the previous year. It is instructive to mention also that our performance in 2013 was boosted by

## Managing Director's Review (Cont'd)

the extension of our services to the newly introduced Alternative Trading Platform, NASD. Your Company recorded some trading activities with a volume of 239,165 units valued at N76.56 million. In addition, the retail bond market of the NSE has also recorded some activities that stood above N199.1million in 551 deals.

### 2.0 Review of income and profits

We are happy to report that we achieved good financial results in the year under review. Our operating income for the year stood at N6.9 billion thereby accounting for 33.16% increase from the previous year's operating income of N5.2 billion.

Profit before Taxation for the year under review was 4.82 billion as against N3.09 billion from the previous year, 2012. By these figures, your Company grew its annual profit by 56% with retained earnings of N3.74 billion amounting to an increase of 45.02% in previous year's retained earnings of N2.58 billion.

### 3.0 Awards & Ratings

In recognition of your Company's innovativeness and prowess in the area of ICT, it received a number of awards in 2013 amongst which are the following:

- Beacon of Award ICT Clearing House of the year 2013; CSCS was nominated under the Use of ICT in the Nigerian Capital Market.
- Digital Africa Awards for the best use of information Technology in the Capital Market.

We seek to remain relevant and continue to take concrete steps to stay abreast with modern trends in our line of business. It is on the basis of this mindset that we continue to work with the renowned Rating Agency for Central Securities Depositories (CSD), Thomas Murray Rating Limited to objectively evaluate our processes and business methodologies annually. Based on our 2013 rating, CSCS scored 'A – (minus) ', with stable outlook. We are confident that our rating in subsequent years should greatly improve given the significant level of automation of our manual processes and appreciable changes in our entire business operations.

### 4.0 Key transactions

During the year, your Company made it one of its key thrusts to further entrench its core values of Security, Efficiency, Confidentiality, Uprightness, Resourcefulness and Excellence (S.E.C.U.R.E) and to this end, we were actively involved in the following notable transactions that pointedly (re)defined the corporate structure of the entities involved:

- Clearing and settlement of substantial shareholding in Dangote Cement;
  - Block sale of shares of HIS Plc to Skye Financial Services Limited.
- Your Company has equally been involved in the following projects:
- Design and implementation of process for listing of new products introduced into the Nigeria Capital Market in the year under review. The securities are:
    - a. VG NSE30 ETF;
    - b. Stanbic IBTC NSE 30 ETF;
    - c. Lotus Halal Equity ETF;
    - d. Alternative Capital Canary Growth Fund (ACCF).
  - Nigeria Depository Receipt (NDR) – CSCS is part of the entities working to implement the NDR project in Nigeria;
  - Actively involved in the West African Capital Market Integration (WACMI) which aims to synergize the infrastructures of Central Securities Depositories in West Africa for easy facilitation of securities trading around the Region;
  - Prospecting of The Nigerian Commodity Exchange (NCX) and the Working Group Committee on Electronic Warehouse Receipt (E-WHR) for CSCS to provide Depository, Clearing and Settlement services to the Commodity Exchange.

### 5.0 Corporate Interactions

CSCS continues to feature as prominent members of the Africa and Middle East Depositories (AMEDA) and



## Managing Director's Review (Cont'd)

the Association of National Numbering Agencies (ANNA). The interactions and emergent ideas from forums organized by these Associations have been quite enriching over the years. CSCS has contributed in no small measure to the evolution of these ideas and based on these inputs, it continues to stake serious claim to the position of becoming the leading CSD of choice in the African Continent.

As a member of ANNA, CSCS stands as the sole issuer of ISIN Codes to newly listed/reconstructed securities. In recognition of its efficient performance of this responsibility, your Company was recently recommended by the Securities and Exchange Commission (SEC) to act also as the Local Operating Unit/Agent for Legal Entity Identifier (LEI) registration in Nigeria.

Still on a global space, your Company participated in a number of Conferences and Workshops relevant to the drawing attention to our Markets. Of particular note is CSCS Annual participation in the Network Management (NeMa), Africa's Conferences, with the last of the series holding in London, United Kingdom. The Conference aims at pooling together renowned industry players to speak to the potential and growth of African Capital Markets. It is also important to mention that in the drive to keep the Nigerian Capital Market on the path of prominence, CSCS was called upon to be part of a list of eminent panelists to spur the discourse on African Markets at the Building African Financial Markets Seminar in 2013. In addition, CSCS participated at the last SIBOS Conference in Dubai. The Conference, which is organized by SWIFT, is a platform for networking and exhibition of players in the global financial industry. The Conference, which was well attended, had representations from Management and the Board of CSCS.

Frequently, on the local space, CSCS seizes the opportunity to sponsor and or collaborate with reputable bodies amongst which are the National Economic Summit Group (NESG), the Nigerian Bar Association, Lagos Branch, Association for Stocking Houses of Nigeria (ASHON) and the Chartered Institute of Stock Brokers (CIS). The liaisons have helped to foster a good working relationship between ourselves and these bodies and have also assisted in creating visibility for our ever growing brand.

### 6.0 Conclusion

At CSCS, we believe that limitations live only in our minds. But if we use our imaginations, our possibilities become limitless. Our force of attraction therefore is to continue to think and innovate new approaches to increase Company's lines of business, deliver and sustain superlative services to our teeming Clients. To ensure that our creative ideas are not lost in time, we have taken considerable time and tremendous efforts to articulate them. We take absolute pride in the quality of these ideas which is summarized for your information in the Strategy Report contained in this AGM Report.

The prevalence of risks in global business space informs the call to action to improve efforts at coordination and collaboration of enterprises to go beyond their traditional roles and responsibilities to equip their institutions to understand, map, monitor, manage and mitigate business associated risks. In line with this approach, your Company works assiduously to develop its risk framework and policies which is subsequently taken a step further through communication to Staff.

On behalf of the Board, I want to specially appreciate our employees for their devotion to the achievement of our modest success, our teeming Customers that have continually kept faith in our ability to deliver qualitative services and above all, you, our Shareholders, of whom we are assured of your support and unwavering belief in our aspirations.

Thank you.



**KYARI BUKAR**  
MD/CEO







# UPRIGHTNESS

We are honourable and honest in our dealings. We maintain integrity and high ethical standards in our operations.

## Corporate Governance Report

The Company had since its conversion to a Public Limited Company in 2012 continued to adhere to sound principles of corporate governance as contained in the Securities and Exchange Commission (SEC)'s Code of Corporate Governance. The administration of the Company is the responsibility of its Board of Directors. The Board makes certain that the resources of the Company are adequately harnessed to achieve the Company's goals which in turn ensure that shareholders receive value for their investment. The Board is composed of 10 members one of which is an Executive Director.

In addition to the SEC Code, there is in place a Code of Conduct for the Board. The Code of Conduct sets the standard of business conduct for the Board. The Chairman is the Code Administrator for the Board. The position of the Chairman of the Company and that of the Chief Executive Officer are distinct. The Chairman is responsible for ensuring that the Board successfully carries out its supervisory duties. Besides providing leadership to the Company, the Chairman ensures that Board members are equipped with necessary information to enable them carry out their activities. In response to the need for sound governance ethics, the Company has also ingrained annual training on corporate governance, as a main feature of its yearly training for Board members.

The current Board of CSCS Plc consists of the following individuals:

### **MR OSCAR ONYEMA**

*Chairman*

Oscar Onyema, the Chairman of the Board of CSCS, is the Chief Executive Officer of The Nigerian Stock Exchange, a position he assumed in April 2011. Prior to this role, he served for over 20 years in United States financial markets and the Nigerian information technology sector. He is also a Council member of the Chartered Institute of Stockbrokers of Nigeria (CIS) and the Vice President of the African Securities Exchanges Association.

In 2009, Mr. Onyema founded Market Strategists LLC and consulted under the Gerson Lehrman Group in the United States, successfully enabling decision-makers at investment firms and corporations better understand financial products, services, companies, and issues in global financial markets. Mr. Onyema served as the Senior Vice President and Chief Administrative Officer at American Stock Exchange (Amex), which he joined in 2001. He was the first person of colour to hold that position, and was instrumental in integrating the Amex equity business into the NYSE Euronext equity business after their acquisition of Amex in 2008. He then managed the NYSE Amex equity trading business, which he helped position as a premier market for small and mid-cap securities.

For approximately five years, Mr. Onyema served as Adjunct Lecturer of Economics at Pace University, New York. In 2008, he received the Financial Industry Regulatory Authority (FINRA) Series 7, 24 and 63 brokerage licenses through Seamount Execution Services LLC, a FINRA member firm in New York. He remains active in the Security Traders Association of New York, and in the Securities Industry and Financial Markets Association, USA. In the late 1990s, he held various positions at New York Mercantile Exchange where he managed futures market structure initiatives. He started his post-NYSC career in Nigeria at Data Processing Maintenance and Services Ltd. (an IBM business partner) where he sold mid-range IBM systems.

## Corporate Governance Report (Cont'd)

### **MR KYARI ABBA BUKAR**

*Managing Director/CEO*

Prior to joining CSCS, Bukar was the MD/CEO of Valucard Nigeria Plc where he was instrumental in turning around the Company from a nil-profit-making entity to what could aptly be termed a highly profitable entity before his exit. With proven versatility and a proficiency in Information Technology (IT) systems, Bukar previously spent 14 (fourteen) years working with Hewlett- Packard (HP); one of the World's leading IT Companies, where he garnered valuable experience having occupied several Technical and Senior positions amongst which are: Research and Development Engineer, Manufacturing Development Engineer, Marketing Program Manager, Senior IT Consultant and Worldwide Technical Marketing Manager, within divisions of the Company. Bukar also possesses a background in Banking having spent a stint working with FSB International Bank Plc (now Fidelity Bank Plc) as Executive Director in charge of Electronic Banking, Information Technology and Operations.

### **ALHAJI UMARU KWAIRANGA**

*Director*

Alhaji Umaru Kwairanga is the MD/CEO of Finmal Financial Services Limited which is a dealing firm of the Nigerian Stock Exchange. He is a well-travelled executive who attended courses and training in fields relating to the money and capital markets with reasonable knowledge of corporate governance practices. He has over 16 unquestionable years and cognate experience in banking, manufacturing and trading as well as being an active player in the capital market at a high level. He worked at the defunct New Africa Merchant Bank Limited. He is a member of several professional bodies which include the Certified Pensions Institute of Nigeria, Chartered Institute of Stockbrokers and is a qualified Broker of the Abuja Commodity & Securities Exchange. He is a Fellow of the Chartered Institute of Stockbrokers. Kwairanga is the Chairman of the Board of Ashaka Cement Plc and also serves as Director on the Boards of Barade Construction Ltd, Kwainanado Nig. Ltd, Penman Pensions Ltd and Gombe United Micro Finance Bank.

### **MR CHIDI AGBAPU**

*Director*

Mr. Chidi Bertram Agbapu is the Managing Director of Emerging Capital Limited. He is an alumnus of the Lagos Business School (LBS) and Associate Member of the Chartered Institute of Stockbrokers (CIS), Certified Pension Institute of Nigeria (CPIN) and Nigeria Institute of Management (NIM). He has attended courses in Corporate Finance, Asset Trading & Management, Mergers and Acquisition, Corporate Governance, etc, both offshore and locally. He amassed his banking and mortgage experience from New Nigeria Bank through Financial Mortgage Limited between 1987 and 1994, transcending the ranks of Executive Trainee through GM/Head of Treasury. His Investment Banking and Stock broking experience cut across Prominent Securities Limited and Equator Finance and Securities Limited between 1994 and 2004 after which he left to become a co-promoter of Emerging Capital Limited – a Dealing Member Firm of The Nigerian Stock Exchange. With the merger of Emerging Capital Limited and 2 other notable Stock Brokerage Firms, Mr. Agbapu is currently co-CEO/Founding Partner, Planet Capital Limited. He serves as director on the boards of Central Securities Clearing system Plc (CSCS), MTI Plc Nigeria, MTI Limited, Ghana, General Cotton Mill Plc, Onitsha, Bendel Feeds and Flour Mills Plc, and Chairman, Fidelity Bank Plc Audit Committee.

## Corporate Governance Report (Cont'd)

### **MR BAYO OLUGBEMI**

*Director*

Bayo Olugbemi is currently the Managing Director and Chief Executive Officer of First Registrars Limited. Bayo has extensive experience in the areas of Investment Banking and Portfolio Management. Bayo began his Investment Banking career in the Registrars Department of Union Bank of Nigeria Plc (now Union Registrars) and has pioneered many Registrar outfits such as Rims Registrars, United Securities Limited, Diamond Bank Registrars and NAL Registrars Limited (now Sterling Registrars), among many others. Bayo is a Fellow of the Chartered Institute of Bankers of Nigeria (CIBN), Institute of Capital Market Registrars (ICMR) and the Chartered Institute of Marketing of Nigeria (CIMN). He is also an Associate of The Chartered Institute of Taxation of Nigeria (CITN), as well as a member of both the Chartered Institute of Pension and The Institute of Directors (IOD). He is an experienced trainer in Management, Capital Market Development and Share Registration as well as a motivational speaker of high repute.

### **MRS. IFUEKO MARINA OMOIGUI OKAURU**

*Independent Director*

Mrs. Omoigui Okauru is the Managing Partner of Compliance Professionals Plc, a corporate entity whose business includes providing support to individuals and organizations to ensure compliance with rules and regulations. She is also a part-time member of the United Nations (UN) Committee of Experts on International Cooperation in Tax Matters as well as a member of the Board of Trustees of DAGOMO Foundation Nigeria (Limited by Guarantee) - a family based Non Governmental Organization geared towards community development. Mrs. Omoigui Okauru is an Independent Director of Diamond Bank Plc, a Non-Executive Director of Nigerian Breweries Plc. and a Non-Executive Director of Seplat Petroleum Development Company Ltd. From May 2004 to April 2012, Ifueko was the first female Executive Chairman of the FIRS and Chairman of the Joint Tax Board (JTB) comprising representatives of all taxing tiers of government of Nigeria. From July 1996 to April 2004, she was the Chief Responsibility Officer of ReStraL Ltd. (a Leadership and Management services Organisation), a Company she founded in 1996. She built it up from zero base to a Company par excellence. ReStraL Ltd owns the Franklin Covey (FC) license in Nigeria and other parts of West Africa. She is now a non-Executive Director in ReStraL Ltd. From 1983 to March 1996, she worked across the broad spectrum of Audit, Tax and Consulting services in the firm of Arthur Andersen & Co. (now split into two firms – KPMG Professional Services and Accenture). She became partner and head of the firm's successful strategy consulting practice before her exit in 1996.

### **MR. SOLA ADEEYO**

*Independent Director*

Mr. Sola Adeeyo is the Chairman/CEO Astral Waters Limited. Astral waters introduced and produce bottled process water in the large 20 litres bottles for sale along with hot and cold dispensers to the general public particularly the corporate niche market. Astral was the first to be certified and approved by NAFDAC in this segment of the industry and remains the leader in quality water delivery. Mr. Adeeyo is also a Director and the owner of Protea Hotel, Oakwood Park, Lekki/Epe Way; a 65 room 4 Star international hotel brand managed by Protea Hotel Group of South Africa. In 1991 Mr. Adeeyo founded Asset & Investment Limited, a financial services company whose activities included trade finance and marketing consultancy of major international Companies in the petroleum and construction industries for banks. It also engaged in the business of funds management. He was the Managing Director/CEO of the Company from its inception in 1991 to 2001. From 1989 to 1991, Mr. Adeeyo was Director/Group Head Treasury of Investment Banking & Trust Company Limited (IBTC). He was part of the founding management/owner group that nurtured the bank from inception in 1989.

## Corporate Governance Report (Cont'd)

### MR. HARUNA JALO-WAZIRI

*Director*

Haruna Jalo-Waziri is the Executive Director, Business Development Division of the Nigerian Stock Exchange. Mr. Jalo-Waziri possesses over 18 years of Capital Market and Investment Management experience covering Regulation, Deal Origination, Execution as well as Fund Management. He has been involved in various successful ground breaking deals such as Heineken Euro Bond, and British American Tobacco M&A, among others.

Until his appointment, he was the MD/CEO, UBA Asset Management Limited which he led from 2009. Prior to this, he worked at the Securities and Exchange Commission (SEC) and Afrinvest West Africa (formerly SECTRUST). Jalo-Waziri commenced his career in the Quotations Department at The Nigerian Stock Exchange. He also worked at Kakawa Discount House Ltd, where he started the Asset Management Department and rose to become Head of Asset Management; the department eventually transformed to become Kakawa Asset Management Limited. He joined the services of First Alliance Pension & Benefits Limited in partnership with Mcube South Africa. He joined the services of United Bank for Africa as MD/CEO of UBA Stockbrokers Limited then later became the MD/CEO of UBA Asset Management Limited.

### MR. KENNEDY UZOKA

*Director*

Mr, Kennedy Uzoka is the Deputy Managing Director of the United Bank for Africa (UBA) Plc. Prior to this role; he was at various times Head Strategy and Business Transformation of UBA Group, Regional Head South Bank, Group Director Resources, and later Group Human Resources Director. Before the merger of Standard Trust Bank with UBA Plc in 2005, Kennedy was General Manager North Bank covering all states in Northern part of Nigeria including the Federal Capital Territory. He is an alumnus of international institutions such as Harvard Business School in Boston, USA; International Institute of Management Development (IMD) in Lausanne, Switzerland, and the London Business School, UK

### MR. OBINNA NWOSU

*Director*

Mr. Nwosu is an accountant with over 20 years banking experience from Access Bank and Guaranty Trust Bank. He is the Group Deputy Managing Director and Chief Operating Officer of Access Bank Plc. Before his elevation to this position, he was General Manager and Head, Retail Banking Division. From April 2007 till December 2010 he was General Manager/Head, Super Region Port Harcourt and East. Between April 2005 and April 2007 he was Deputy General Manager/Regional Manager East. He has attended several Executive and Leadership Development Programmes in leading institutions.

## Corporate Governance Report (Cont'd)

The Board met 5 times in 2013. The record of attendance is provided below:

Names	Meetings held				
	6 Feb 2013	28 Feb 2013	18 Mar 2013	20 Sep 2013	11 Dec 2013
Oscar Onyema	✓	✓	✓	✓	✓
Kyari Bukar	✓	✓	✓	✓	✓
Umaru Kwairanga	✓	X	✓	✓	✓
Emmanuel Nnorom	✓	✓	X	✓	X
Herbert Wigwe	✓	X	✓	X	✓
Chidi Agbapu	✓	✓	✓	X	✓
Abubakar Sule	✓	✓	✓	✓	✓
Bayo Olugbemi	✓	✓	✓	✓	✓
Ifueko Omoigui Okauru	N/A*	N/A	✓	✓	X
Sola Adeeyo	N/A*	N/A	✓	✓	✓

\* Mrs. Omoigui Okauru and Mr. Sola Adeeyo were yet to join the Board of CSCS at the time of both meetings of February 6th and 28th, 2014

### BOARD COMMITTEES

The Board of CSCS has the following Committees:

#### Finance and General Purpose Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight function in relation to the integrity and accuracy of the Company's financial statements and financial reporting process. Amongst the Committee's responsibilities are the following:

- Consideration of the Annual Budget and Accounts of the Company;
- Review and recommendation to the Board to approve long term investment made by the Company;
- Review of the Company's annual audit result and annual financial statements with the Management of the Company;
- Review of the significant financial reporting issues and practices of the Company to ensure that proper accounting policies are applied.

The Committee further meets with the CFO and Chief Internal Auditor to discuss the adequacy and effectiveness of the Company's accounting controls. The Committee is chaired by Alhaji Umaru Kwairanga.

#### Corporate Governance and Remuneration Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to the general affairs of the Board. The Committee has the following responsibilities:

- Responsible for setting the criteria for Board and Board Committee membership, reviewing candidates' qualification and establishing whether there exist conflicts of interest;
- Prepares the job specification for the Chairman's position and assesses the time commitment required for the candidate;

## Corporate Governance Report (Cont'd)

- Evaluates the skills, knowledge and experience required on the Board and makes recommendations on experience required by the Board Committee members on a regular basis;
  - Recommendation of the compensation structure and remuneration for Executive Directors and the determination and assessment of Key Performance Indicators (KPIs) for the Executive Directors;
  - Coordinates the conduct of Board evaluation on annual basis.
- The Committee is also responsible for the assessment of the Company's Organizational structure. It periodically evaluates the Board Charter and composition of the Board Committees and makes recommendation where necessary. Mr. Sola Adeeyo is the Committee Chairman.

### Technical Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibility relating to the integrity and viability of the Company's Clearing and Settlement Software, information technology systems and processes. The Committee also has the following responsibilities:

- Provides guidance to Management on its innovation and technology strategy, identifies perceived strengths, weaknesses and potential alternatives for consideration;
  - Provides direction on the Company's technology planning processes to support the Company's growth objectives;
  - Provides guidance on the Company's technology competitiveness, including the effectiveness of its technology efforts and investments in developing new products and businesses.
- The Committee evaluates on a periodic basis the Company's over-all intellectual property (including patent) strategy. The Chairman of the Committee is Mr. Chidi Agbapu.

### The Audit and Risk Committee

The purpose of this Committee is to assist the Board in its oversight of the Company's risk management framework, policies and practices relating to internal and external audit function. The Committee's responsibilities include the following:

- Selection and appointment of the External Auditors as well as for the approval of their terms of engagement and fees;
- Review the Company's enterprise risk framework and policies to identify, monitor and manage significant business risks across the Company and to consider whether the enterprise risk framework and internal controls effectively identify areas of potential and, material risk;
- Review the effectiveness of the Company's internal control system recognizing those matters in respect of which the Board relies on to provide oversight.

The Committee evaluates and approves the annual audit plans and activities for the Internal Audit function. The Committee reviews significant findings and recommendations on internal control. The Audit and Risk Committee is chaired by Mrs. Ifueko Omoigui Okauru.

### STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 20, 2004. The Committee is made up of Non-Executive Directors and ordinary shareholders of the Company. The Non-Executive Directors who serve on the Committee are determined by the Board. Shareholders elect their representatives at the Annual General Meeting (AGM). Any member may nominate a shareholder as a member of the Committee by giving notice in writing of such nomination to the Company Secretary at least 21 (twenty-one) days



## Corporate Governance Report (Cont'd)

before the AGM. The Members of the Statutory Audit Committee in 2013 are as follows:

1.	Dr Umar Faruk	Chairman/Shareholder
2.	Mr. Yomi Adeyemi	Shareholder
3.	Mr. Olanipekun Osinowo	Shareholder
4.	Mr. Emmanuel Nnorom	Non-Executive Director
5.	Mr. Bayo Olugbemi	Non-Executive Director
6.	Mr. Chidi Agbapu	Non-Executive Director





## Directors' Report

The Directors are delighted to present their report together with the audited Financial Statements of the Company for the year ended 31 December 2013.

### 1. FINANCIAL SUMMARY

	2013 N'000	2012 N'000
Net Operating Income	6,887,603	5,172,244
Total Operating Expenses	(2,063,320)	(2,078,070)
Profit before Taxation	4,824,283	3,094,174
Taxation	(1,085,986)	(516,327)
Profit after Tax	3,738,297	2,577,847
Declared Dividend	1,100,000	750,000

### 2. DIVIDEND

In respect of the current year, the Directors propose that a dividend of 22 kobo per share amounting to N1,100,000,000 (One Billion One Hundred Million Naira) be paid to the shareholders upon approval at the Annual General Meeting. The proposed dividend if approved shall be subject to withholding tax and shall be paid to shareholders whose names appear on the Company's Register of Shareholders at the close of business on May 5, 2014.

### 3. LEGAL FORM

The Central Securities Clearing System Plc is Financial Market Infrastructure (FMI) that undertakes the business of clearing and settling securities traded in the Nigerian Capital Market. The Company also acts as a depository for Federal Government of Nigeria (FGN) Bonds, Municipal and Corporate Debt instruments. The Company was incorporated in July 29, 1992 as Private Limited Liability Company and commenced business on April 14, 1997. The Company transmuted to a Public Company following the resolution of its shareholders at its Annual General Meeting of May 16, 2012.

### 4. BUSINESS REVIEW AND FUTURE OUTLOOK

The Company undertakes clearing and settling of securities transactions that occur in the Nigerian Capital Market in line with its Memorandum and Articles of Association. An all-inclusive evaluation of the Company's business during the year and its future outlook for the ensuing year is provided in the Managing Director/CEO's report.

### 5. BOARD APPOINTMENT

Since the last Annual General Meeting (AGM), the following Directors have been appointed to the Board; Mr. Haruna Jalo-Waziri, Mr. Kennedy Uzoka and Mr. Obinna Nwosu. We hope that Shareholders will consider these appointments suitable and consequently ratify same appointments.

### 6. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company, and of the profit or loss for that period and comply with the provisions of the Companies and Allied Matters Act. In so doing, they ensure that:

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent;

## Directors' Report (Cont'd)

- the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company and prevent and detect fraud and other irregularities.

### 7. DIRECTORS' INTERESTS

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members as at 31 December 2013 are as follows

Name of Directors	As at 31st December 2013		As at 31st December 2012	
	Direct holding	Indirect holding	Direct holding	Indirect holding
Mr. Oscar Onyema	500,000	Nil	Nil	Nil
Mr. Kyari Bukar	9,547,362	Nil	3,850,000	Nil
Alhaji Umaru Kwairanga	1,000,000	Nil	Nil	Nil
Mr. Chidi Agbapu	6,000,000	500,000	Nil	500,000
Mr. Herbert Wigwe	Nil	375,000,000	Nil	375,000,000
Mr. Emmanuel Nnorom	Nil	250,000,000	Nil	250,000,000
Mr. Abubakar Danlami Sule	2,000,000	278,750,000	Nil	278,750,000
Mr. Bayo Olugbemi	Nil	500,000	Nil	Nil
Mrs. Ifueko Omoigui Okauru	Nil	Nil	Nil	Nil
Mr. Sola Adeeyo	Nil	Nil	Nil	Nil

### 8. DIRECTORS' INTEREST IN CONTRACTS

For purposes of Section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

### 9. ANALYSIS OF SHAREHOLDING

Shareholding	Number of shares held	% of total shareholding	Number of shareholders	% of total shareholders
1 - 1,000	1,000	0.00%	1	0.21%
1,001 - 5,000	-	0.00%	0	0.00%
5,001 - 10,000	121,531	0.00%	14	2.93%
10,001 - 50,000	4,339,203	0.09%	160	33.47%
50,001 - 100,000	2,735,619	0.05%	36	7.53%
100,001 - 500,000	26,801,153	0.54%	72	15.06%
500,001 - 1,000,000	24,195,000	0.48%	29	6.07%
1,000,001 and above	4,941,806,494	98.84%	166	34.73%
<b>Total</b>	<b>5,000,000,000</b>	<b>100.00%</b>	<b>478</b>	<b>100.00%</b>

#### 5% and above Shareholding

## Directors' Report (Cont'd)

S/No	Particulars of Shareholders	No. of Shares	Percentage % of Shareholding
1	The Nigerian Stock Exchange	1,362,108,950	27.2%
2	Access Bank Plc	375,000,000	7.5 %
3	Ecobank Plc	375,000,000	7.5 %
4	Sterling Bank Plc	278,750,000	5,58%
5	United Bank for Africa Plc	250,000,000	5%

### 10. EMPLOYMENT AND EMPLOYEES

#### Human Resources

Employment into the Company is done on the basis of merit. The Company ensures that the most qualified persons are recruited for appropriate levels regardless of their state of origin, religion or physical condition. The Company continues to place emphasis on the training and retraining of staff to ensure staff development.

#### Health, Safety at Work and Welfare of Employees

The Company places high premium on the health and safety of its employees. The business areas of the Company are designed to ensure that the safety of the staff and customers are preserved. In addition to the above the Company caters for the medical expenses of its staff.

### 11. STATUTORY AUDIT COMMITTEE


In accordance to the provisions of section 359(3) of the Companies and Allied Matters Act, the Company during its last Annual General Meeting (AGM) established its maiden Statutory Audit Committee, following its recent conversion into a Public Company. The membership of the Committee is as follows:

1.	Dr. Faruk Umar	Chairman/Shareholder
2.	Mr. Yomi Adeyemi	Shareholder
3.	Mr. Olanipekun Osinowo	Shareholder
4.	Mr'Bayo Olugbemi	Non Executive Director
5.	Mr Chidi Agbapu	Non Executive Director
6.	Mr. Emmanuel Nnorom	Non Executive Director

### 12. AUDITORS

Messrs Akintola Williams Deloitte has indicated their willingness to continue in office as auditors. In line with section 357(1) of the Companies and Allied Matters Act, a resolution will be proposed at the AGM to approve the appointment of the auditors and authorize directors to determine their remuneration.

BY ORDER OF THE BOARD



**Charles I. Ojo**  
*Company Secretary*  
**Central Securities Clearing System Plc**  
 2/4 Customs Street, Lagos

# Strategy Report

## INTRODUCTION

The business of CSCS revolves around DATA SECURITY and MANAGEMENT. In line with our strategic plan, we are poised to drive our deliverables both for current and future products and services to various markets considering our core values while diversifying into new areas. We strive to continuously harness our internal strengths to enable us take advantage of existing and potential market opportunities from time to time. This mindset aligns with our mantra of becoming a Central Securities Depository of choice compliant with global standards.

Achieving results from our strategy is dependent on the commitment and dedication of each and every one of us in doing our level best and cooperating in achieving goal congruence in every corporate activity. The Company aims at meeting the needs and aspirations of its key stake holders leveraging on its human capital as a key contribution to the Nigerian Capital market in particular and the economy in general.

## Revenue Growth

As part of its strategic goals, CSCS is enhancing its capacity to increase its annual revenue; the company has begun investing in new product creation as well as diversifying into other business areas. CSCS is positioning itself to sustain the continuous patronage of key stakeholders through active engagement with the market with the aim of increasing revenue growth

In line with these objectives the strategic focus is to:

- **Grow revenue by 15% per annum:** Aggressive marketing of existing and potential services and resourcing the business development center for effective customer service delivery
- **Increase annual contribution of new and ancillary products:** Investment in research and development to determine market needs. This forms the foundation for development of new products that offer value added Central Security Depository (CSD) and clearing house services to market participants

## Information Technology

As a CSD, technology is very instrumental to the success of our business as it allows for the secure transmission and management of large amounts of information. It is therefore imperative that we implement the best technologies to achieve business growth. The CSCS Information Technology strategy is focused on:

- **A new State-of-the Art CSD Platform:** In a bid to improve post trade services to market participants and the recent evolving trends in the Nigerian capital market, CSCS has commissioned the "CSCS NEW CSD PLATFORM PROJECT". This project is geared towards providing the organization with a world class platform that will provide efficient clearing, settlement and depository services to the Nigerian capital market. To improve our services and efficiently manage the positive growth experienced by the capital market with the introduction of new products, services and market participants, the new CSD application will provide seamless communication among market participants; it would also have the ability to support real-time processing, support electronic dematerialization, inter-account transfers, corporate actions and account closures. This project has been commissioned with its estimated completion date scheduled for Quarter 3, 2015.
- **Upgrade IT Infrastructure:** IT infrastructure are crucial aspects of most organizational operations around the world. At CSCS, we place serious emphasis on our systems availability to ensure proper functioning of our operations. Over the years, we have made business continuity one of our major concerns. To this end, one of CSCS's major strategies is to build a world class Disaster Recovery (DR) Center that will significantly mitigate risks associated with data loss in the event of a disaster. While this is still work in progress, CSCS has upgraded its existing DR infrastructure to ensure business continuity of CSCS's operations. To further improve on technological needs, a general overhaul has been carried out on CSCS's IT infrastructure; upgrades have been implemented on the entire CSCS network, computer systems and internal applications

## Strategy Report (Cont'd)

with a goal to delivering efficient products and services driven by world class technology systems

- **Data security:** While much progress is being made globally to make the capital and financial markets safer, CSCS has identified possible weaknesses in its system and has achieved an important milestone by implementing an effective Information Security System which further protects the CSCS core and the Capital Market as a whole, against malicious threats. This system includes a robust database monitoring tool which has been successfully deployed to strengthen the security of our critical database systems and provide 100% visibility of application user activities – to monitor and identify unauthorized or suspicious actions.

In addition, CSCS's IT infrastructure was subjected to stringent vulnerability assessment and penetration testing. This gauged our infrastructure holistically, and from the results, the IT team was able to close all identified gaps. This will be an annual exercise going forward

Another step towards data security is the introduction of the KNOW YOUR CUSTOMER, (KYC) BIOMETRICS SYSTEM which allows the identification of an individual by measuring their physical and biometric uniqueness and pattern. The advantage of this is that it provides the highest level of security which is impossible to forge. It is a safe and user friendly system that provides positive and accurate identification. CSCS is currently engaging the National Identity Management Commission (NIMC) and the Central Bank of Nigeria (CBN) to collaborate in the development of a more robust Biometric KYC infrastructure in order to tackle the numerous challenges relating to identity theft in the market and in preparation for the full dematerialization project which was recommended by the Securities and Exchange Commission (SEC) committee

### Employee Training and Development

CSCS is benchmarking itself against global standards by adequately staffing and building the expertise of its employees. The objective is to ensure an environment where significant economic value is realized in the delivery of products and services to the market and to attract, retain and stimulate optimum performance within our employees.

- Aligned with this strategic goal, we have conducted an employee skills gap assessment, and deployed appropriate learning and development strategies to close identified gaps
- A robust training and recruitment plan has been implemented to ensure appropriately skilled and experienced hands are deployed in key departments, namely IT, risk management and internal audit. The training plan identifies the needs of employees, and partners with reputable training institutions to ensure that the appropriate knowledge is transferred while the recruitment process is based on transparency and best practice to attract the best hands to the organization.
- An appraisal instrument has been developed that has clear and relevant measures of performance to ensure optimal productivity from all employees.
- A succession planning program has been instituted to ensure continuity in the level of skills within the organization; the objective of this program is to identify skilled human resources with the potential to fill critical roles in the organization.



## Strategy Report (Cont'd)



### Organizational Culture

Culture is a defining force of any organization. It encompasses the values and behaviors that contribute to the unique environment of any organization where brilliant strategies and plans are made feasible. With this in mind, CSCS considers the organizational culture as glue that holds everyone together and this has assisted in providing a positive direction that creates a common ground for team members and establishes a sense of order. CSCS is aware of the importance of establishing a strong culture that drives productivity, performance and efficient service delivery, and has put the following strategies in place to develop an organizational culture that reflects the company's values:

- Knowledge sharing sessions have been established to build the knowledgebase of all CSCS employees
- A staff forum with the MD/CEO on a monthly basis sharing information on processes, people, control and consistently communicating behavioral implications of CSCS values and developing a strong reward code for adhering to the values of the organization.
- Awards programs and sanctions have been developed to encourage living the values of the CSCS.



## Strategy Report (Cont'd)

### Strategic Developments and Achievements

#### Human Resources

The objective of the Human Resources Department is to support the organization in recruiting, developing and retaining a diverse and competent workforce to comply with all applicable employment related laws. The strategic initiative of this Department focuses on the comprehensive approach to managing employees and the work place culture and environment. Its achievements are as follows:

S/No	Achievements
1	AchievementsThe introduction of the staff management related policies and procedures
2	The implementation of the monthly knowledge sharing session (brown Bag series) which has improved the knowledge of all staff members and has improved networking.
3	Implementation of an organization wide key performance indicator (KPI) to improve employee performance and the overall performance of the organization
4	Trained 100% of all middle management staff within the year on soft skills management. This is currently rolled out to all staff in the organization.

#### Information Technology Projects

The following technology projects have been successfully implemented in the past year in line with CSCS's strategic goals:

S/No	Projects	Achievements
1	Information Security Solution	An information security solution has been implemented and is currently running on the CSCS core application Software to protect against malicious activities.
2	Biometric KYC	The development of a Biometric "Know Your Customer" system to capture participants' details: CHN number, Photo, biometric and personal data. This system is currently in its pilot phase and capturing of participant's data is on-going at the CSCS HQ, Marina.
3	X-Alert	An alert system that improves transparency in the market by notifying investors of trades and activities that have been carried out on their accounts. This system is live and was implemented in partnership with the Nigerian Stock Exchange.
4	NASD	A Clearing and Settlement Platform for NASD PLC; a trading network for the secondary market trading of all securities of unquoted public companies.
5	SWIFT	has adopted the use of the network deployed globally by financial instructions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment. This application is being utilized essentially to service the Custodians; one of CSCS participants, whilst the Company generally applies its in-house developed Data Exchange Platform for its other Participants based on the application's affordability as well as security.

## Strategy Report (Cont'd)

### Customer Care Center (CCC)

Customer Services is an integral part of any successful business, which is why CSCS has invested in the upgrade of its existing Customer Care center. It is worthy to note that good customer service feeds directly into strategies for improved business performance and business growth. In line with its strategic goals, CSCS has been able to provide superior customer services to all market participants with the following achievements:

S/No	Achievements
1	Introduction of Point-of-Sales (POS) terminals to enable customers pay for services with their ATM cards
2	The implementation of an automated workflow system which has reduced significantly the Turn Around Time (TAT) of processing requests from the point of entry to the business units within the organization
3	A friendly and conducive environment which encourages CSCS staff to engage effectively with clients and key stakeholders which has enhanced our public image



# Enterprise Risk Report

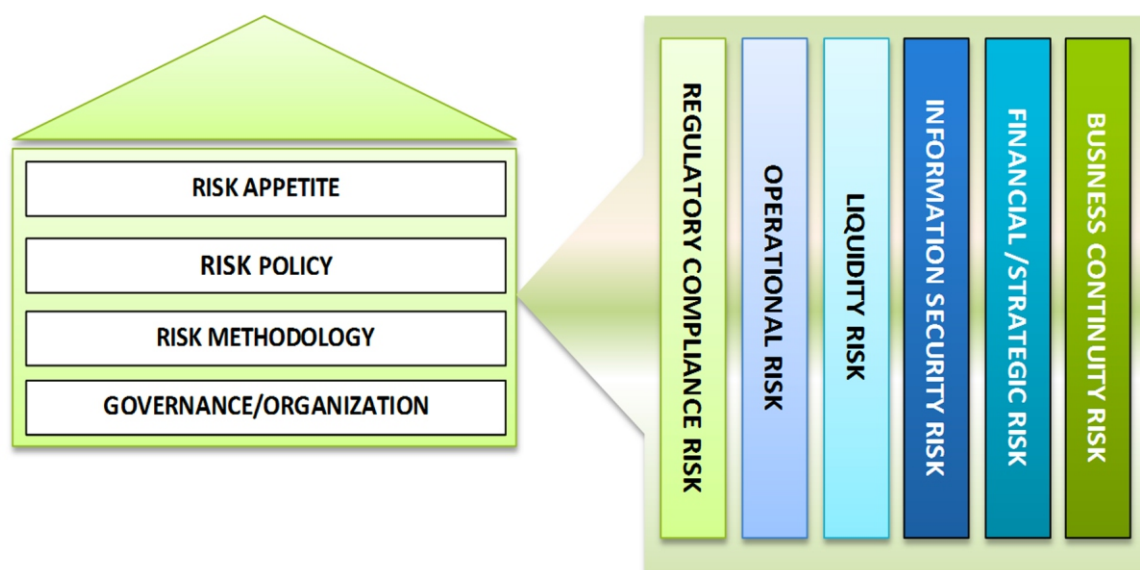
## 1.0 Risk Management Report

This Risk Management report is aimed at increasing disclosure of risk information to stakeholders and to enhance investors and stakeholder's confidence in our ability to manage risk through the establishment of adequate controls. We adopt a risk management framework that includes inputs from senior management and the Board of Directors towards ensuring robust corporate governance and sound risk management practices in your Company.

The Central Securities Clearing System Plc (CSCS) has continued to transform its services through business process automation, improved participant communication through user group meetings in response to our changing business environment. Consequently, we have made indelible imprints as a dependable Financial Market Infrastructure in the Nigerian Capital Market focused on providing efficient post trade services and managing inherent risks in our service offerings.

Risk Management has now taken centre stage in CSCS because of increased Board attention to risks faced by your Company in performing its Clearing and Settlement function. Your Company expanded the scope of its risk management practise by increasing risk management team headcount with new hires to help drive the goal of identifying and managing risks across the enterprise. This has enhanced your Company's capacity to manage risk and further built stakeholder's confidence in the Company's ability to achieve its objectives, enhance corporate governance and improve its resilience to probable occurrences of business disruption.

## 2.0 RISK MANAGEMENT FRAMEWORK



### 2.1 Risk Management Objective

Our risk management practice sets out to manage the effects of uncertainty on the CSCS' business objectives.

### 2.2 Our Risk Management Philosophy

- Risk management shall create value and help maximize shareholders value;
- Enterprise Risk Management shall be governed by the ERM Policy which will be clearly communicated across CSCS;
- Risk management will be an integral part of management decision process;
- Risk management will provide a top down co-ordination necessary to make various functions at CSCS work efficiently thereby increasing the overall business performance of the company;
- The Board of Directors and the senior management shall set the risk management tone and provide the necessary support required for Enterprise Risk Management to carry out its duties objectively.

## Enterprise Risk Report (Cont'd)

### 2.3 Risk Management Line of Defense

CSCS manages all risks associated with the depository, clearing and settlement services it provides by implementing a three line of defense model.



The first line of defense lies with every business unit that is critical to your Company's operations. Each unit has designated risk personnel (risk champions) that liaise with the Enterprise Risk Management unit to identify and manage risks across the enterprise's operations, Information technology and other business areas that own and manage various forms of risks. These risk champions are responsible for identifying and measuring risks that affect their businesses and judging how effectively the risks are being controlled or mitigated.

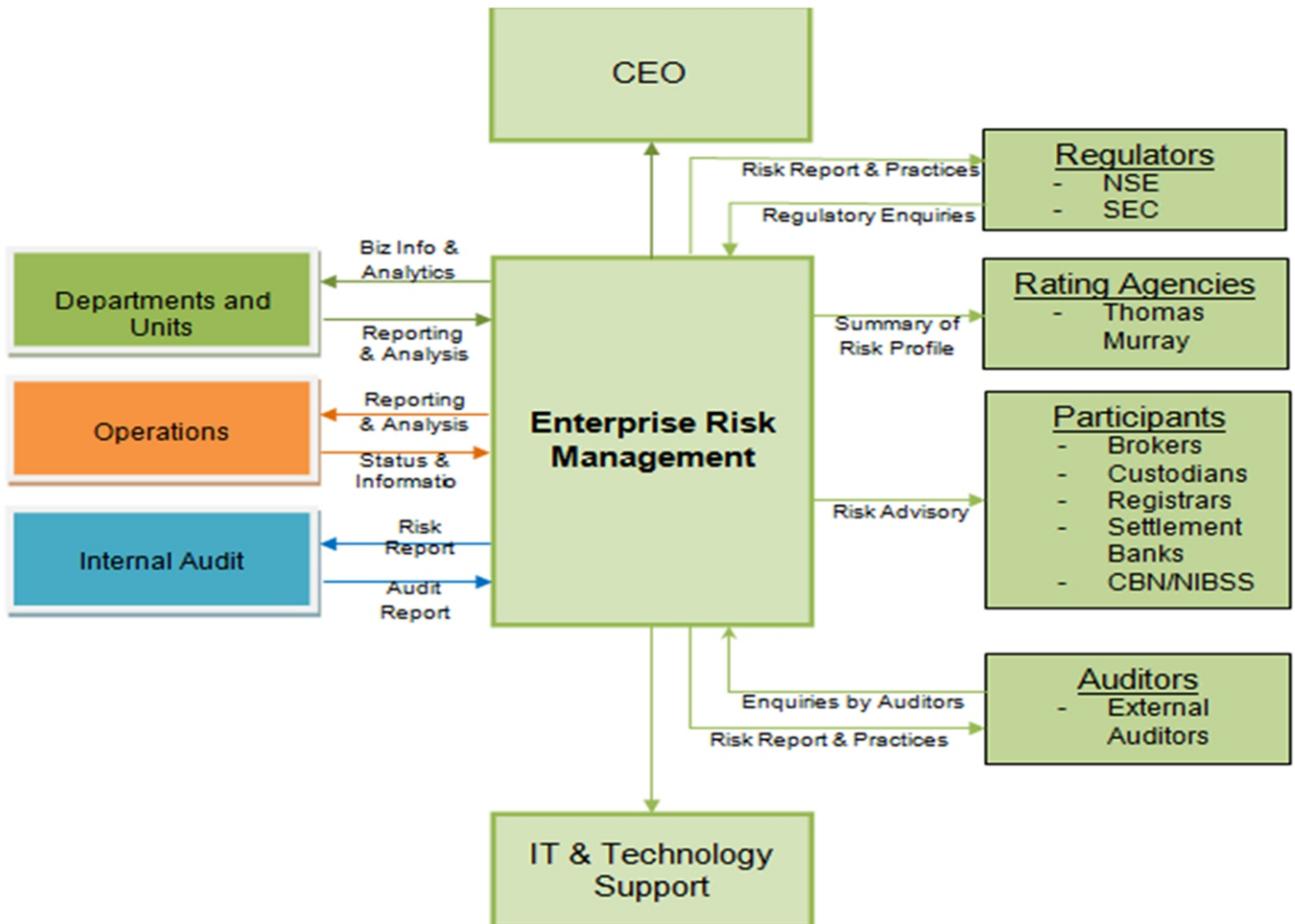
A top priority for Enterprise Risk Management is the implementation of appropriate technology to streamline data collection and assessment, making it easier to evaluate the business units' risk profiles on a monthly basis by reporting Key risk indicators across the company.

The Second Line of Defense lies with the Enterprise Risk Management. Enterprise Risk Management aligns risk appetites with business goals and ensures that the business is not taking excessive risk in order to perform its role in the Financial Market.

Internal Audit unit is the third line of defense. Internal Audit provides advisory and independent assurance of your Company's internal control.

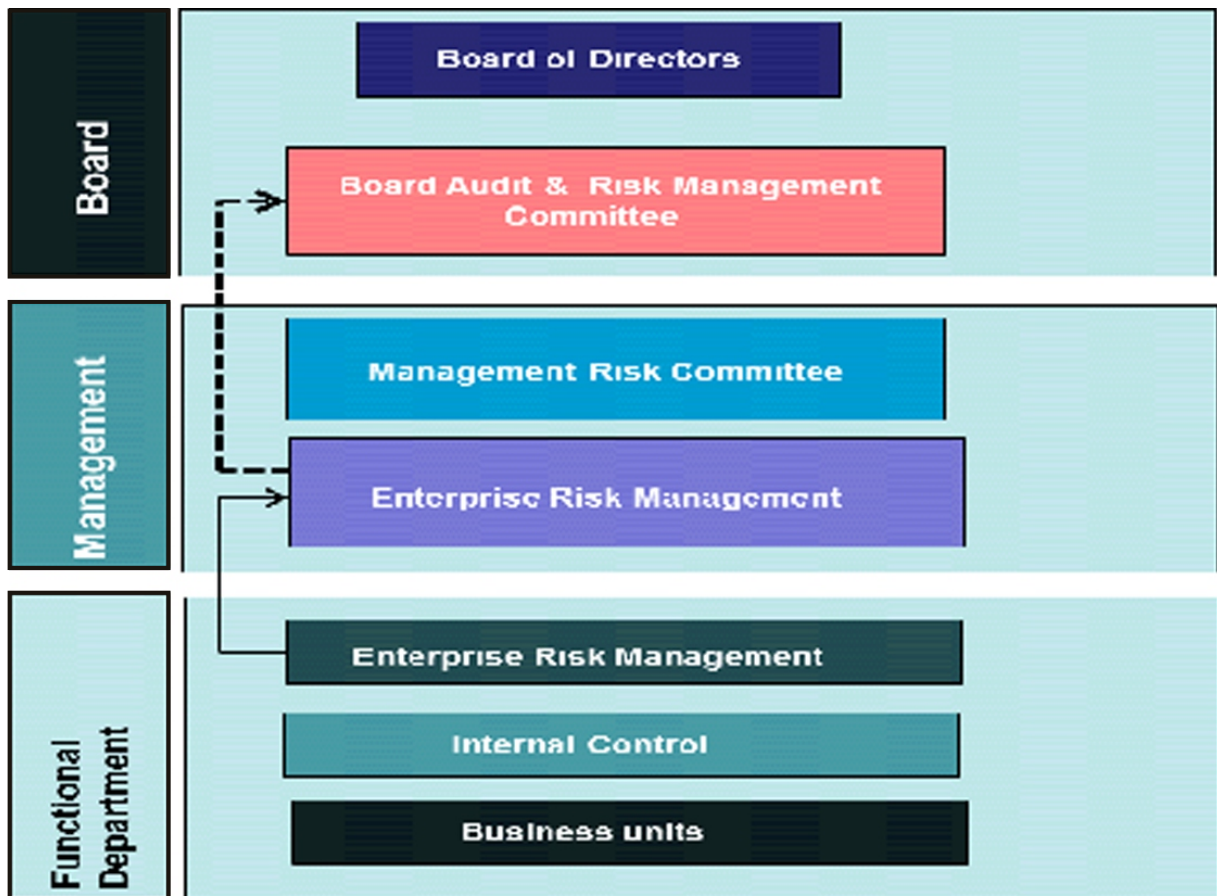
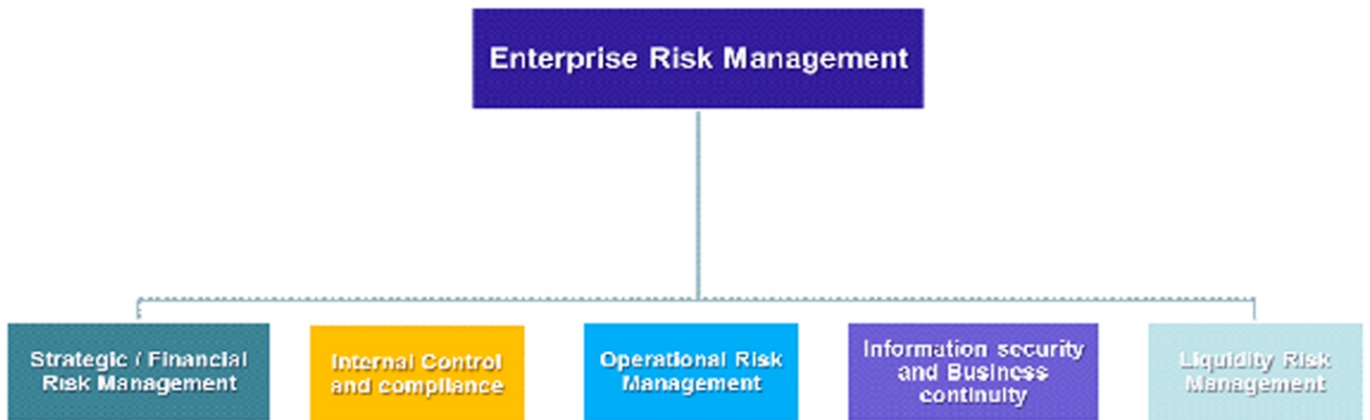
## Enterprise Risk Report (Cont'd)

### 2.4 RISK MANAGEMENT RELATIONSHIPS



# Enterprise Risk Report (Cont'd)

## 5. RISK MANAGEMENT GOVERNANCE STRUCTURE



## Enterprise Risk Report (Cont'd)

### Head of Enterprise Risk Responsibilities:

- Provide overall leadership, visions and direction for enterprise risk management;
- Establishing an integrated risk management framework for all aspects of risks across CSCS;
- Develop risk management policies, including the quantification of management risk appetite through specific risk limits;
- Communicating risk profile to key stakeholders such as the Board of Directors, Regulators etc;
- Develop the analytical, systems, and data management capabilities to support the risk management program;
- Implementing sets of risk indicators and reports including losses and incident, key risk exposures and early warning indicators.
- Acts as an independent review and evaluation body to ensure that enterprise risk issues/concerns within the organization are being appropriately evaluated, investigated, and resolved.

### Board Audit and Risk Committee Responsibilities:

- Approve the Enterprise Risk Management policies and any policy changes which is subsequently ratified by the Board of Directors;
- Provide mandate and commitment to management;
- Determine and review enterprise risk goals and key policies;
- Establish risk tolerance which is approved of the Board of Directors;
- Ensure that appropriate risk management framework and methodologies are being implemented;
- Monitor the CSCS' risk profile against defined tolerance levels and operating limits.

### Management Risk Committee Responsibilities:

- The Management Risk Committee provides the required framework that will help the Board Audit and Risk Committee its oversight functions as required by the Board of Directors;
- Periodically review the risk management framework to ensure its adequacy;
- Deliberate on risk exposure reports and updates presented by the Risk Management Department and take decisions as required;
- Review and approve recommended actions to mitigate/control potential operational risk events.

### 3.0 Risk Component



## Enterprise Risk Report (Cont'd)

### ■ **Operational Risk:**

Your Company adds value to the business and minimizes operational surprises and losses by implementing operational controls, automating the trade communication process with Custodians by introducing SWIFT. It has introduced participant transaction monitoring and also implemented operational risk management frameworks which enhanced the Company's capability for identifying potential risk events. Your Company also established risk tolerances and enhanced its internal control environment. This was carried out using established risk governance framework in recognition of the Board of Directors' stewardship role of safeguarding and protecting investor's assets and investment.

In 2013, your Company also focused on raising the level of risk management culture for all employees through the implementation of risk management policies across the Company as an offshoot of the overall framework established to measure and manage operational risks.

### ■ **Disaster Recovery and Business Continuity:**

Your Company improved its disaster recovery and business continuity program by developing and implementing business continuity plan and strategy covering critical operations and by this action, has noted satisfactory results in this area. Your Company also upgraded its disaster recovery infrastructure to enhance the capability to cope with business disruption and ensure continuity of services within a defined return to business objective. Your Company upgraded its alternate data site from being a cold centre to a warm data centre.

### ■ **Information Security Risk:**

In line with our SECURE value, our information security risk objective is to ensure confidentiality, integrity and availability of our information assets. In 2013, we significantly improved our information security infrastructure with the installation of end point data loss protection tools, conducted vulnerability and penetration tests on our enterprise database and networks. We also deployed state of art information security solutions. Your Company ensured that adequate information security policies were developed and implemented to manage information security exposures and that all information assets were protected and secured. Our focus in 2014 is to expand the scope of our information security program and deepen our information security practices by commencing our ISO 27001:2013 certification readiness and obtain certification within the year taking into consideration our project dependencies.

### ■ **Liquidity Risk and Participant Default Management:**

This risk type has continued to receive both management and Board attention because of the size of the Trade Guarantee Fund and the need to increase participant contributions to the fund. We developed a Default Management Procedure to provide an orderly manner for managing participant settlement failure. We are currently engaging participants to agree a new cash contribution framework to the Trade Guarantee Fund to ensure that CSCS has access to enough liquidity resources to offset any settlement obligation default by any market participant during the clearing and settlement process. Our objective is to ensure that trade settlement is not disrupted as a result of settlement obligation default by the two largest participants in the capital market.

### ■ **Regulatory compliance Risk:**

CSCS as a Financial Market Infrastructure is required to comply with both local and international Financial Market standards and regulations in the course of its business. We consistently monitor our compliance with regulatory requirement and incorporate same into our control and risk management framework. We have not only ensured that we comply with local regulations, we have also developed actions plans and taken steps to ensure that we achieve significant compliance with international regulatory requirements especially International Organisation of Securities Commissions (IOSCO). We conducted a review of CSCS' IOSCO compliance and identified actions to close identified gaps.

## Enterprise Risk Report (Cont'd)

### CONCLUSION

We recognize the role of risk management in helping CSCS achieve its primary objective as a post trade infrastructure to the Nigerian Capital Market. We are therefore committed to building a culture where risk management and strategic planning are intertwined. We shall also ensure that our risk management framework remains the tripod upon which our business stands.

## Chief Financial Officer's Report

Despite the harsh economic environment with its attendant volatility, coupled with poor infrastructure resulting in very high cost of doing business, our Company in 2013 delivered good results on all performance indices. Profit after tax (PAT) grew by 45.01% year-on-year which was higher than the total revenue growth of 33.18%. Total revenue for the year outperformed the budget by 14.25% while the PAT exceeded budget by 13.83%.

Investments in Bonds (FGN, State and Corporate) increased by 88.36% with maturities ranging from three months to eight years as at year end. Though Cash and cash equivalent decreased by 10%, the proportion of cash and cash equivalent to total assets was 39.40% indicating our robust cashflow position and ability to finance both our operating and capital expenditures internally with cash at hand.

FIVE YEAR SUMMARY					
	2013 N'000	2012 N'000	2011 N'000	2010 N'000	2009 N'000
Fees	4,218,938	2,738,002	2,776,238	3,369,391	3,093,853
Interest Income	2,239,663	1,792,227	759,992	529,119	1,153,631
Other Operating Income	429,002	642,015	657,741	357,821	317,101
Total Revenue	6,887,603	5,172,244	4,193,971	4,256,331	4,564,585
Total Expenses	2,063,320	2,078,070	2,463,594	2,607,691	2,897,215
Profit before Tax	4,824,283	3,094,174	1,730,377	1,648,640	1,667,370
Tax	1,085,986	516,327	729,477	583,596	508,271
Profit After Tax	3,738,297	2,577,847	1,000,900	1,065,044	1,159,099
Expense to Income ratio	29.96	40.18	58.74	61.27	63.47
Return on Equity (%)	24.02	19.79	8.44	9.30	10.56
Return on Assets (%)	21.45	17.74	7.43	8.22	8.20
Earnings per Share (k)	74.77	51.56	20.02	21.30	23.19
Dividend per share (k)	22.00	15.00	10.00	15.00	10.00

### Analysis of 2013 Financial Performance

#### Revenue

Notwithstanding the volatility of the market in the year 2013, our total revenue increased by 33.18% from 5.17 billion in 2012 to N6.89 billion in 2013. The table below shows the revenue generated by income heads:

REVENUE BY INCOME HEADS						
	2013 N'000	%	2012 N'000	%	Change N'000	%
Transaction/Depository Fees	4,218,938	61.25	2,738,002	52.94	1,480,936	54.09
Investment Income	2,239,663	32.52	1,792,227	34.65	447,436	24.97
Other Operating income	429,002	6.23	642,015	12.41	(213,013)	(33.18)
<b>Total Revenue</b>	<b>6,887,603</b>	100.00	<b>5,172,244</b>	100.00	<b>1,715,359</b>	<b>33.18</b>



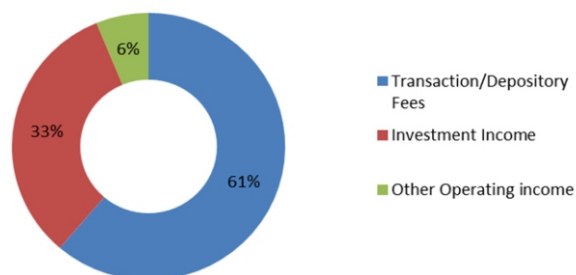
## Chief Financial Officer's Report (Cont'd)

Fee income comprising Eligibility fees by Stock Brokerage Firms, depository fees by Issuers and transaction fees on trades on the floor of The Nigerian Stock Exchange accounted for 61.25% of total revenue showing an increase of N1.48billion which was 54.09% increase year on year. Whilst transaction fees of N3.12 billion (2012:N1.92billion) comprised 73.88% (2012:70.14%) of all fees, depository and eligibility fees accounted for 26.02% (2012:29.61) and 0.10% (2012:0.25%) of all fees in 2013. Transaction fees emanating from trades on the NASD OTC platform which commenced operations in July 2013 were negligible.

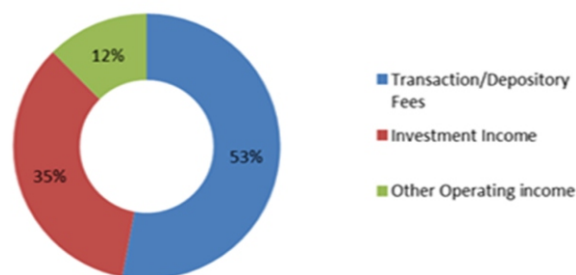
Investment income which increased by 24.97% to N2.24billion in 2013 accounted for 32.52% of total revenue was from investments in a portfolio of five security types, with FG Bonds accounting for 41.85% (2012:22.86%), Treasury Bills 40.88% (2012:60.34%), State Govt bonds 8.86% (2012: NIL), Corporate bonds 6.26% (2012: 7.78%) and fixed deposits in banks of 2.75% (2012: 9.02%) respectively.

Other operating income (6.23% of total revenue) came principally from auxiliary services such as special accounts, document management services, lien services, OTC transaction fees etc.

2013 REVENUE BY INCOME HEADS



2012 REVENUE BY INCOME HEADS



### Expenses

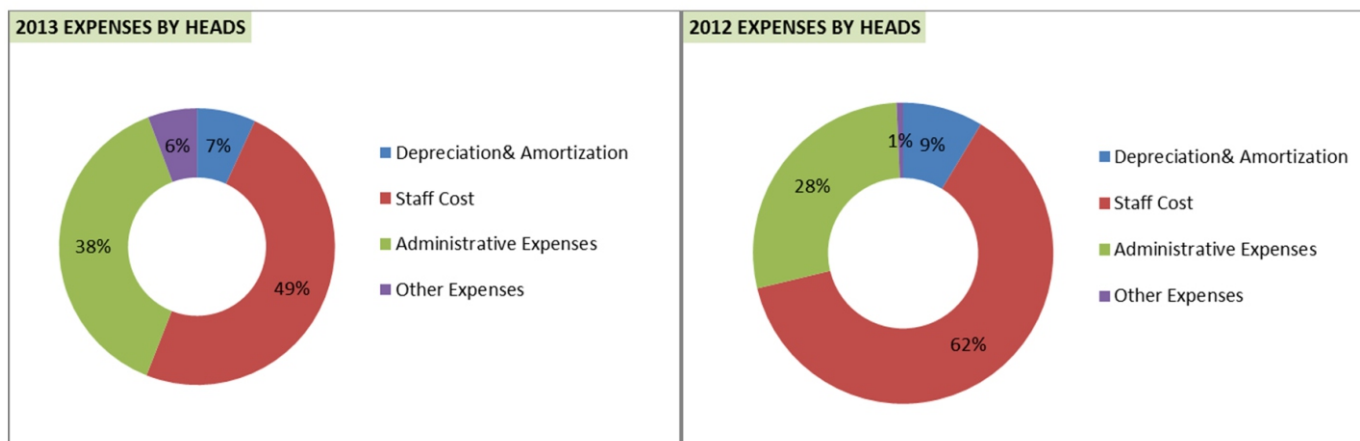
Total operating expenses decreased marginally by less than 1% from N2.078billion in 2012 to N2.063billion. This is however significant when considered in perspective of the increase of 54.09% in total revenue and average inflation rate of about 8.5% during the year. The table below shows the various expense heads:

#### EXPENSES BY HEADS

	2013 N'000	%	2012 N'000	%	Change N'000	%
Depreciation & Amortization	142,313	6.90	179,939	8.66	(37,626)	(20.91)
Staff Cost	1,012,595	49.08	1,300,508	62.58	(287,913)	(22.14)
Administrative Expenses	789,543	38.27	582,873	28.05	206,670	35.46
Other Expenses	118,869	5.76	14,750	0.71	104,119	705.89
Total Expenses	2,063,320	100.00	2,078,070	40.18	(14,750)	(0.69)



## Chief Financial Officer's Report (Cont'd)



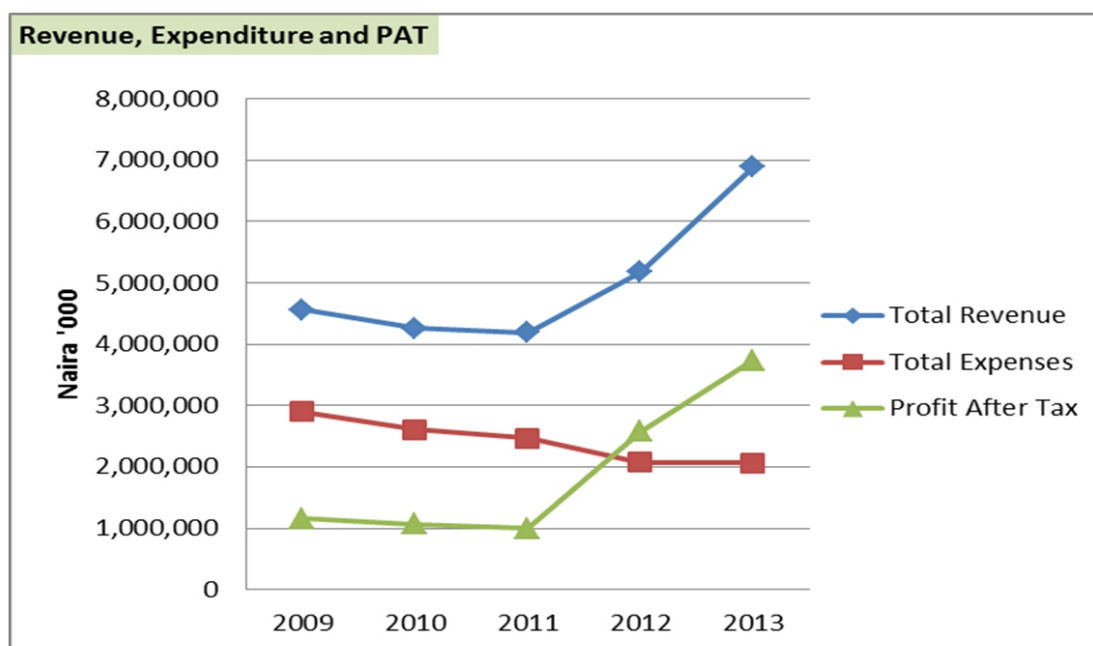
The decrease in operating expenses was an inter-play of significant decreases in depreciation & amortization (20.91%) and staff cost (22.14%) and increases in administrative expenses (35.46%) and other expenses (705.89%) respectively. The decrease in depreciation and amortization expenses was principally due to fact that most of our IT hard and software are almost fully depreciated and would be due for replacement very soon, whereas the decrease in staff cost was as a result of the reduction in the number of staff that occurred in April 2012 but whose emoluments ran to September 2012. The increase in other expenses stemmed from the share buy backs to cover for unsettled trades which had lingered on for a while and to avoid distortions that it would cause in the market.

We continuously focussed on cost management resulting in increased efficiency as our expense-to-income ratio continues to decline.

### Profit After Tax

Profit after tax increased by 45.01% to N3.74billion (2012:N2.58billion) as a result of the 33.18% increase in revenue. This was accentuated by the 24.94% increase in investment income of which 97.25% was tax exempt (earned on bonds and TBs). This substantially impacted on our effective tax rate (ETR) to 22%.

The expense to income ratio has declined progressively in the last five years from 63.47% in 2009 to 29.96% in 2013, an aggregate decrease of 52.80%. The decrease from 2012 to 2013 was 25.44% and all within the set targets in the approved budgets of the company.



## Chief Financial Officer's Report (Cont'd)

Our operating expenses decreased by about 1% to N2.06billion (2012: N2.08billion). Over the last five years the total operating expenses have decreased by 28.78%. To ensure sustainability of the company we shall continue to strive for high cost management efficiency while driving revenue on all fronts.

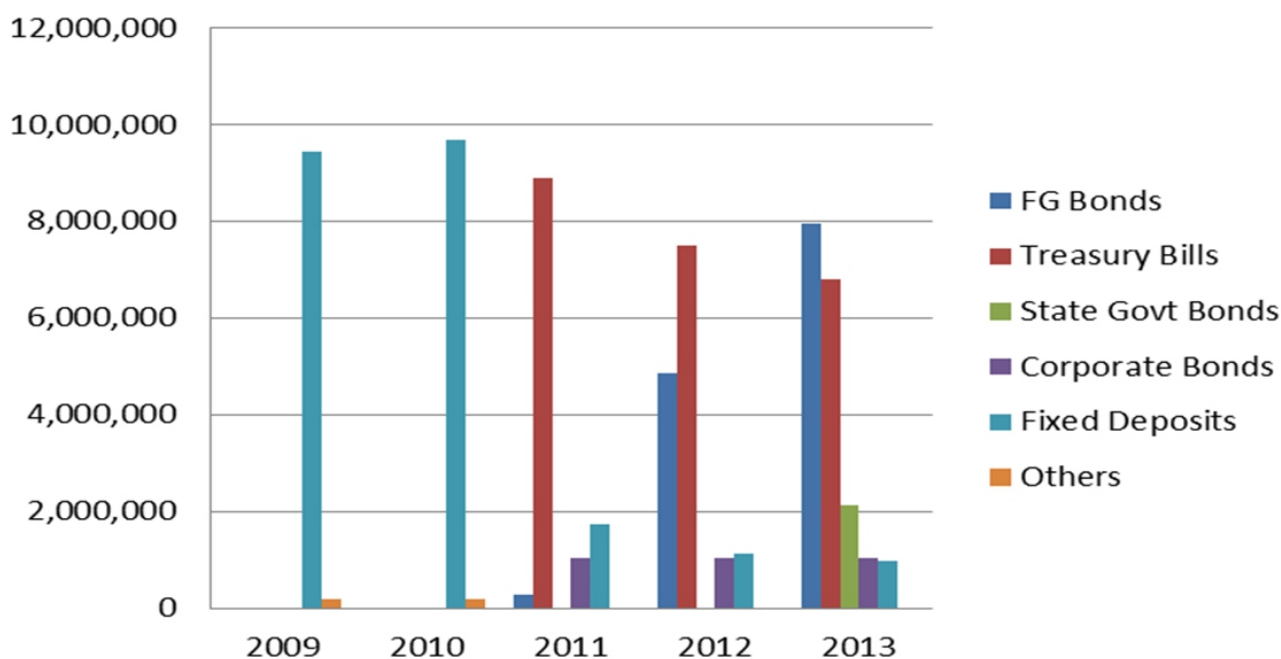
### Investments

Our investment portfolio comprising of bonds (FG, State and Corporate), Treasury Bills and Fixed deposits with banks have evolved over the years to ensure we derive the maximum tax benefits. While investment income contributed to 32.52% (2012:34.65%) of the total income, 97.25% of this income head amounting to N2.19billion was tax exempt. The total investment has doubled in the last five years with wide spread of investments within the ambit of our investment policy

#### ANALYSIS OF INVESTMENTS

	2013 N'000	2012 N'000	2011 N'000	2010 N'000	2009 N'000
FG Bonds	7,953,458	4,870,757	267,814	-	-
Treasury Bills	6,801,125	7,497,813	8,887,224	-	-
State Govt Bonds	2,135,208	-	-	-	-
Corporate Bonds	1,035,288	1,035,000	1,035,671	-	-
Fixed Deposits	964,848	1,118,057	1,721,530	9,682,130	9,427,945
Others	-	-	-	200,000	200,000
<b>Total</b>	<b>18,889,927</b>	<b>14,521,627</b>	<b>11,912,239</b>	<b>9,882,130</b>	<b>9,627,945</b>

#### Analysis of Investments



## Chief Financial Officer's Report (Cont'd)

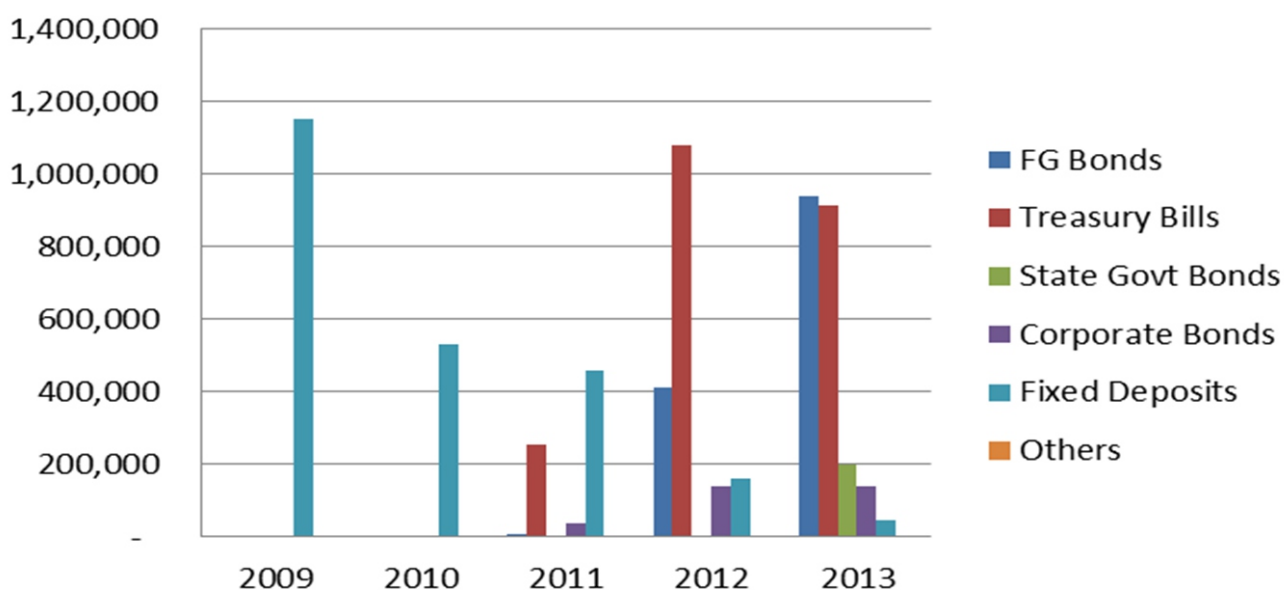
### Investment Income

We continued to drive investment income and this yielded 13.41% (2012:13.56%) on the average investment during the year, which was above the average market yield of 12.75% for the year. We also concentrated in investments whose income is tax exempt. See the section on revenue and profit after tax respectively, for the breakdown of the investment income and their impact on our bottom-line

#### ANALYSIS OF INVESTMENT INCOME

	2013 N'000	2012 N'000	2011 N'000	2010 N'000	2009 N'000
FG Bonds	937,405	409,736	8,078	-	-
Treasury Bills	915,480	1,081,366	256,239	-	-
State Govt Bonds	198,511	-	-	-	-
Corporate Bonds	140,191	139,426	35,671	-	-
Fixed Deposits	48,076	161,699	460,004	529,119	1,153,631
Others	-	-	-	-	-
<b>Total</b>	<b>2,239,663</b>	<b>1,792,227</b>	<b>759,992</b>	<b>529,119</b>	<b>1,153,631</b>

#### Analysis of Investment Income



## Chief Financial Officer's Report (Cont'd)

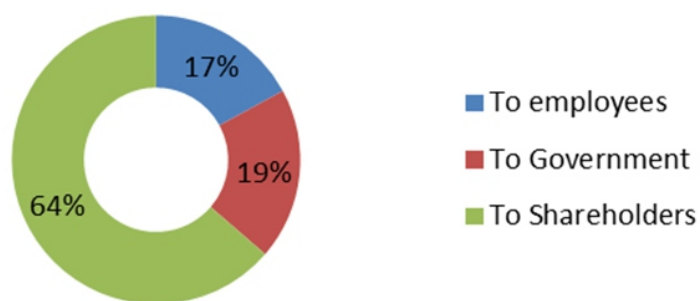
### Value Added Statement

The table and pie chart respectively below show the wealth created and distributed in 2013 and 2012 respectively

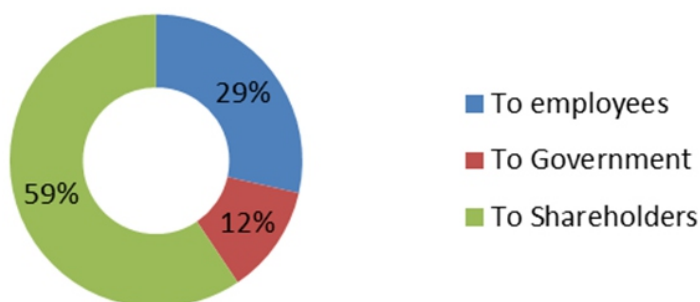
#### VALUE ADDED STATEMENT

	2013 N'000	%	2012 N'000	%
To employees	1,012,595	17.08	1,300,508	28.53
To Government	1,142,368	19.27	549,427	12.05
To Shareholders	3,774,174	63.65	2,708,313	59.42
	5,929,137	100.00	4,558,248	100.00

#### Wealth Distribution 2013 - =N= 5,929 million



#### Wealth Distribution 2012 - =N= 4,558 million



## Chief Financial Officer's Report (Cont'd)

### Accounting policies and standards

The accounting policies and standards applied by the company have remained consistent with those applied during the prior period except for the adoption of standards that became effective in the year. The adoption of these improvements to IFRS in the current reporting period resulted in minor revision to the accounting policies and disclosures which have no impact on the financial position of the company

The Company did not early adopt any standards or interpretation during the current year.

### Plans and targets for 2014

The Board of Directors of our Company has reviewed and approved the 2014 budget. In order to achieve the 2014 budget lines, we need to meet revenue targets, effectively manage operating and capital expenditures and successfully implement our projects.

In the light of the economic, socio-political conditions in the country, management is aware of the uncertainties around transaction volumes/values and the impact on our revenue. Meeting revenue targets would entails improving our service delivery, securing alternative revenue sources and ensuring that our products and services are appropriately priced.

Our key project for 2014 is the change of our CSD Application, which would bring about increased efficiency in our processes and interactive service delivery to our participants.. Other key projects would be strategic investments that would ensure appropriate diversification of our revenue base. The cashflow of our company for the year would adequately finance internally all of our projects and investments.

We will also continue to focus on effective cost management in order to remain profitable whilst also serving our stakeholders efficiently.

As an important and responsive stakeholder in the Nigerian Capital Market and economy as a whole, CSCS Plc is presently collaborating with the Securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) in a Transaction Cost Analysis (TCA) study which we strongly believe would be to the overall interest of the market and all its participants.



**Vincent Ukoh**  
Chief Financial Officer



# RESOURCEFULNESS

We encourage ingenuity, inventiveness and creativity of our employees. This produces original and imaginative ideas for our growth and development.

# Statement of Directors' Responsibility in Relation to the Financial Statements for the Year Ended 31 December 2013

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 51 to 88 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:

  
Oscar Onyema  
Director

  
Kyari Bukar  
Director

  
Vincent Ukoh  
Chief Financial Officer





# Statutory Audit Committee Report To Members Of Central Securities Clearing System Plc

In accordance with the provision of section 359 (6) of the Companies and Allied Matters Act, we the members of the Audit Committee hereby report as follows:

- We confirm that we have seen the audit plan and scope and the Management letter on the audit of the accounts of the Company and the responses to the said letters;
- In our opinion, the plan and scope for the period ended 31 December 2013 were adequate. We have reviewed the Auditor's findings and we are satisfied with the Management responses thereon; and
- We also confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and ethical practices.



**Dr. Faruk Umar**  
*Chairman*  
*Audit Committee*  
FRC/IOD/0000003734

## Members of the Statutory Audit Committee are:

- |    |                               |                        |
|----|-------------------------------|------------------------|
| 1. | <b>Dr. Faruk Umar</b>         | Chairman/Shareholder   |
| 2. | <b>Mr. Yomi Adeyemi</b>       | Shareholder            |
| 3. | <b>Mr. Olanipekun Osinowo</b> | Shareholder            |
| 4. | <b>Mr. Bayo Olugbemi</b>      | Non Executive Director |
| 5. | <b>Mr. Chidi Agbapu</b>       | Non Executive Director |

# Independent Auditor's Report To The Members Of Central Securities Clearing System Plc

49

**Deloitte.**

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## Report on the Financial Statements

We have audited the accompanying financial statements of **Central Securities Clearing System Plc.** which comprise the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended 31 December 2013, a summary of significant accounting policies and other explanatory information set out on pages 51 to 88.

## Directors' Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Central Securities Clearing System Plc.** as at 31 December 2013 and the financial performance and cash flows for the year ended 31 December 2013 in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004 and Financial Reporting Council of Nigeria Act No. 6 2011.



Michael Daudu, FCA – FRC/2013/ICAN/0000000845

**for: Akintola Williams Deloitte**  
**Chartered Accountants**  
**Lagos, Nigeria**  
**21 March 2014**

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Akintola Williams Deloitte, a member firm of Deloitte Touche Tohmatsu Limited, is a professional services organization that provides audit, tax, consulting, financial advisory and enterprise risk services.





# FINANCIAL STATEMENT

# Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December 2013

	Note	2013 N'000	2012 N'000
Fees	5	4,218,938	2,738,002
Interest revenue	6	2,239,663	1,792,227
Other operating income	7	429,002	642,015
<b>Net operating income</b>		<b>6,887,603</b>	<b>5,172,244</b>
Depreciation and amortisation expenses	8.1	(142,313)	(179,939)
Staff cost	8.2	(1,012,595)	(1,300,508)
Administration expenses	8.3	(789,543)	(582,873)
Other expenses	8.4	(118,869)	(14,750)
Total operating expenses		(2,063,320)	(2,078,070)
<b>Profit before tax</b>	8	<b>4,824,283</b>	<b>3,094,174</b>
Tax expense	11	(1,085,986)	(516,327)
<b>Profit for the year</b>		<b>3,738,297</b>	<b>2,577,847</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>3,738,297</b>	<b>2,577,847</b>
<b>Earnings per share (kobo) – basic</b>		<b>75k</b>	<b>52k</b>

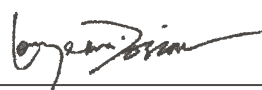
The notes on pages 51 to 88 form part of these financial statements.

# Statement Of Financial Position For The Year Ended 31 December 2013


	Note	2013 N'000	2012 N'000
<b>Non-current assets</b>			
Intangible assets	12	56,181	10,258
Property, plant and equipment	13	189,514	395,002
Investment	14	11,123,954	5,905,757
<b>Total non-current assets</b>		<b>11,369,649</b>	<b>6,311,017</b>
<b>Current assets</b>			
Trade and other receivables	15.1	386,229	602,946
Treasury bills	16	6,801,125	7,497,813
Cash and cash equivalents	17	853,178	1,012,870
Sundry stock		6,956	-
Other assets	18	8,952	8,268
<b>Total current assets</b>		<b>8,056,440</b>	<b>9,121,897</b>
<b>Total assets</b>		<b>19,426,089</b>	<b>15,432,914</b>
<b>Equity</b>			
Share capital	19	5,000,000	5,000,000
Retained earnings	20	12,058,983	9,070,686
<b>Total equity</b>		<b>17,058,983</b>	<b>14,070,686</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	32,839	89,221
<b>Total non-current liabilities</b>		<b>32,839</b>	<b>89,221</b>
<b>Current liabilities</b>			
Pension plan and other employment benefits	21	70,406	82,013
Payables, provisions and accruals	22	1,175,098	701,508
Current tax liabilities	11	1,079,811	481,218
Other liabilities	23	8,952	8,268
<b>Total current liabilities</b>		<b>2,334,267</b>	<b>1,273,007</b>
<b>Total liabilities</b>		<b>2,367,106</b>	<b>1,362,228</b>
<b>Total equity and liabilities</b>		<b>19,426,089</b>	<b>15,432,914</b>

The notes on pages 51 to 88 form part of these financial statements.

The financial statements on pages 51 to 88 were approved by the Board of Directors on 27 February 2014 and signed on its behalf by:



Oscar Onyema  
Chairman  
FRC/2013/IODN/00000001802



Vincent Ukoh  
Chief Financial Officer  
FRC/2013/ICAN/00000001744



Kyari Abba Bukar  
Managing Director/CEO  
FRC/2013/IODN/00000002050



# Statement Of Changes In Equity For The Year Ended 31 December 2013

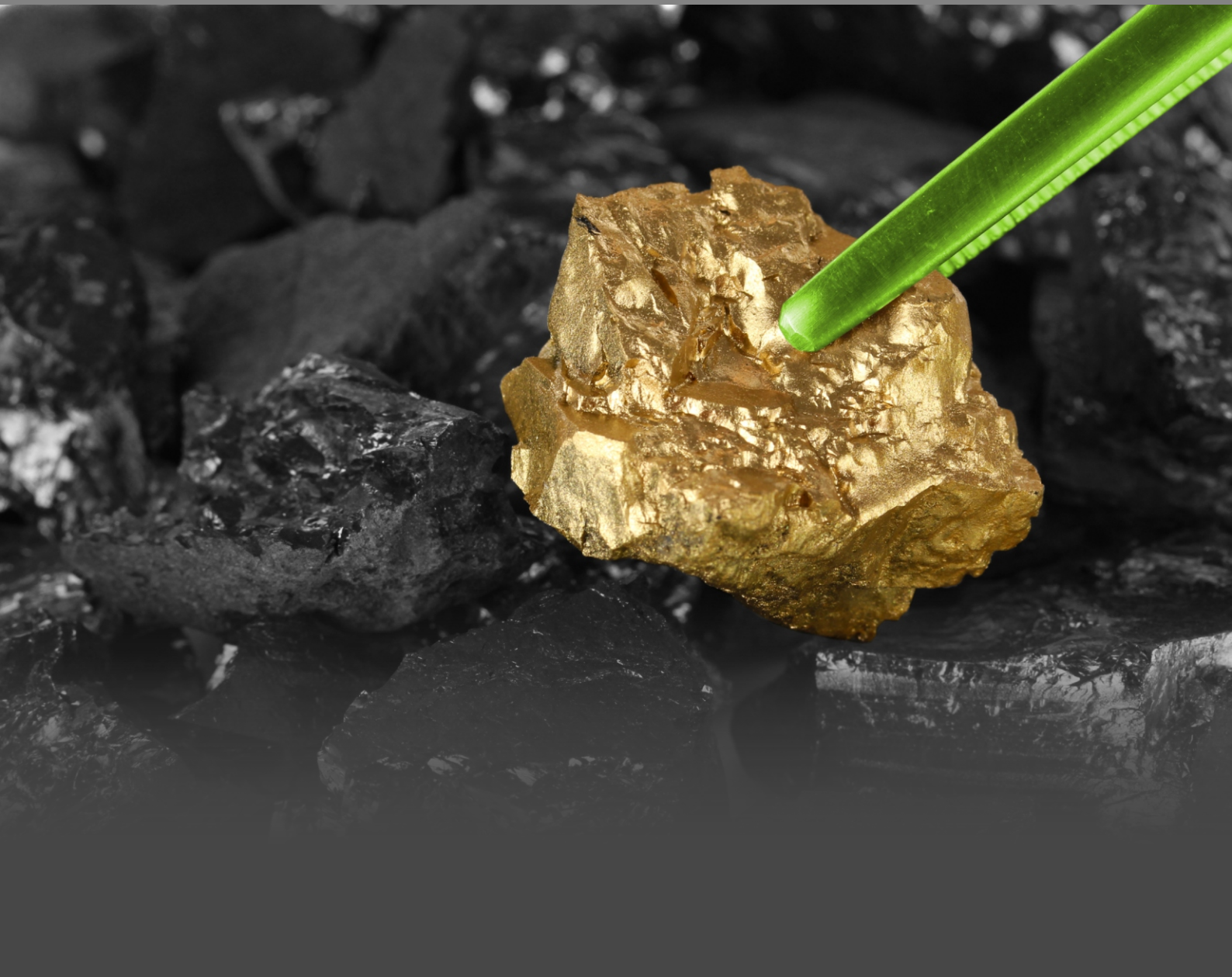
Equity attributable to equity holders of the Company			
	Share Capital N'000	Retained Earnings N'000	Total Equity N'000
<b>Balance at 1 January 2013</b>	5,000,000	9,070,686	14,070,686
Profit for the year	-	3,738,297	3,738,297
Dividend paid	-	(750,000)	(750,000)
<b>Balance at 31 December 2013</b>	<b>5,000,000</b>	<b>12,058,983</b>	<b>17,058,983</b>

	N'000	N'000	N'000
<b>Balance at 1 January 2012</b>	5,000,000	6,992,839	11,992,839
Profit for the year	-	2,577,847	2,577,847
Dividend paid	-	(500,000)	(500,000)
<b>Balance at 31 December 2012</b>	<b>5,000,000</b>	<b>9,070,686</b>	<b>14,070,686</b>



# Statement Of Cash Flows For The Year Ended 31 December 2013

	Note	2013 N'000	2012 N'000
<b>Cash flows from operating activities</b>			
Profit for the year		3,738,297	2,577,847
<b>Adjustment for:</b>			
Income tax expense recognized in profit or loss	11	1,085,986	516,327
Amortisation	12	50,054	16,373
Depreciation	13	92,259	163,566
Net write back in provision for receivables	7	(23,548)	-
Write off - work in progress (PPE)	13	4,400	-
Staff severance benefits	8.2	27,226	82,013
Productivity / promotion expenses (current year)	8.2	290,264	242,450
Write back in prior year over provision of productivity expenses	8.2	(56,319)	-
Loss on disposal of fixed assets (included in staff severance package)		-	39,563
Profit on disposal of fixed assets		(12,850)	(1,747)
		5,195,769	3,636,393
Tax paid	11	(543,775)	(606,143)
Payments to pension fund administrators		(38,833)	-
Bank charges		(10,764)	(14,750)
		4,602,397	3,015,500
<b>Changes in operating assets and liabilities</b>			
Decrease in trade and other receivables		240,265	505,565
(Increase)/decrease in other assets		(684)	2,840
Increase/(decrease) in creditors		239,645	(509,230)
Increase in creditors		684	661
Net cash from operating activities		5,082,307	3,015,336
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	13	(121,854)	(52,331)
Purchase of intangible asset	12	(62,027)	(676)
Purchase of sundry stock		(6,956)	-
Proceeds on disposal of fixed assets		220,050	2,559
Proceeds on disposal of investments (treasury bills)		696,688	1,389,411
Purchase of investment (bonds)		(5,218,197)	(4,602,271)
Net cash used in investing activities		(4,492,296)	(3,263,308)
<b>Cash flows from financing activities</b>			
Dividend paid		(750,000)	(500,000)
Net cash used in financing activities		(750,000)	(500,000)
<b>Net decrease in cash and cash equivalents</b>		(159,692)	(746,860)
<b>Cash and cash equivalents at 1 January</b>		1,012,870	1,759,730
<b>Cash and cash equivalents at 31 December</b>	17	<b>853,178</b>	<b>1,012,870</b>



# EXCELLENCE

We respect and reward meritocracy, creating a work environment that drives increasing knowledge and skills of our employees for consistent delivery of quality output time after time.



## 1. Description of business

Central Securities Clearing System Plc. (CSCS) operates a computerized depository, clearing settlement and delivery system for transactions in shares listed on The Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform. CSCS facilitates the delivery (transfer of shares from seller to buyer) and settlement (payment of bought shares) of securities transacted on the floors of The Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform. It was licensed by the Securities and Exchange Commission as an agent for Central Depository, Clearing and Settlement of transactions in the stock market.

### Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Central Securities Clearing System Plc. in accordance with IFRS accounting presentation. The financial statements comprise:

1. Statement of profit or loss and other comprehensive income
2. Statement of financial position
3. Statement of changes in equity
4. Statement of cash flows
5. Notes to the financial statements.

### Accounting convention

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

### Financial period

These financial statements cover the financial year from 1 January to 31 December 2013, with comparative figures for the financial year from 1 January to 31 December 2012.

## 2. ADOPTION OF NEW AND REVISED STANDARDS

### 2.1 New and revised IFRSs that are mandatorily effective for the year ending 31 December 2013

Below is a list of new and revised IFRSs that are mandatorily effective for accounting periods that begin on or after 1 January 2013, except as indicated otherwise.

Pronouncement	Nature of Change	Required to be implemented for periods beginning on or after
<b>IFRS 10 Consolidated Financial Statements</b>	IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.  IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation-Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.	1 January 2013
<b>IFRS 11 Joint Arrangements</b>	IFRS 11 provides clarification on how interests in jointly controlled entities should be accounted for and focuses on the rights and obligations of the arrangement rather than its legal form.	1 January 2013
<b>IFRS 12 Disclosure of Interest in Other Entities</b>	IFRS 12 provides new disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	1 January 2013

Pronouncement	Nature of Change	Required to be implemented for periods beginning on or after
<b>IFRS 13 Fair Value Measurement</b>	IFRS 13 was issued as part of the IASB's convergence project with the FASB which provides new harmonised guidance on fair value measurement and disclosure requirements.  The requirements in IFRS 13 do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	1 January 2013
<b>Amendments to IFRS 7 Financial Instruments: Disclosures</b>	The amendments in IFRS 7 require additional disclosure of transfer transactions of financial assets (for example, securitisations), including understanding the possible effects risks that may remain with the entity that transferred the assets.	1 January 2013
<b>Amendments to IAS 19 Employee Benefits</b>	The amendments in IAS 19 eliminate the option to defer the recognition of gains and losses, known as the 'corridor method'; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income (OCI); and enhances the disclosure requirements for defined benefit plans providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.	1 January 2013
<b>Amendments to IFRS Issued 2011</b>	This pronouncement sets out minor amendments to IFRS standards as part of the annual improvement process.	1 January 2013

## 2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that are applicable to the company were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, the company has elected not to apply them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	Nature of Change	Required to be implemented for periods beginning on or after
<b>Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)</b>	The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarifies the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Applicable to annual periods beginning on or after 1 January 2014

Pronouncement	Nature of Change	Required to be implemented for periods beginning on or after
<b>Novation of Derivatives and Continuation of Hedge Accounting' (Amendments to IAS 39)</b>	Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	Applicable to annual periods beginning on or after 1 January 2014
<b>IFRS 9( 2010)</b>	A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing de-recognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.	Applies to annual periods beginning on or after 1 January 2015
<b>Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)</b>	The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.	Applicable to annual periods beginning on or after 1 January 2014
<b>Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)</b>	The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).	Applicable to annual periods beginning on or after 1 January 2014
<b>IFRIC 21 Levies</b>	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	Applies to annual periods beginning on or after 1 January 2014

### 3. Significant accounting policies

#### 3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB).

#### 3.2 Basis of preparation

The financial statements are prepared according to uniform accounting policies and valuation principles. The financial statements of the Company are based on the principle of the historical cost of acquisition, construction or production, with the exception of the items reflected at fair value.

In preparing the financial statements, the management has to make certain assumptions and estimates that may substantially impact the presentation of the Company's financial position and/or results of operations. Such estimates, assumptions or the exercise of discretion mainly relate to the useful life of noncurrent assets, the discounted cash flows used for impairment testing, and the recognition of provisions, including those for litigation-related expenses, pensions and other benefits, taxes, environmental compliance and remediation costs. Essential estimates and assumptions that may affect reporting in the various item categories of the financial statements are described in the following sections of this note. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. They are continually reviewed but may vary from the actual values.

Changes in accounting policies or measurement principles in light of new or revised standards are applied retrospectively, except as otherwise provided in the respective standard. The income statement for the previous year and the opening statement of financial position for that year are adjusted as if the new accounting policies and/or measurement principles had always been applied.

#### 3.3 Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 3.4 Revenue recognition

##### Revenue from rendering of services

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

Revenue is earned from depository fee, eligibility fee, transaction fee and participation fees.

Depository fees represent the annual fees charged on quoted companies on the Nigerian Stock Exchange at a rate of market capitalisation.

Eligibility Fees are charged on stock broking firms.

Transaction fees are based on values of shares traded on the Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform charged on the investors at a percentage of sales.

Participation fee is charged annually on settlement banks appointed by Nigerian Stock Exchange/ CSCS.



## **Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. 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 that asset's net carrying amount on initial recognition.

## **3.5 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## **3.6 Foreign currency transactions and translation**

Foreign currency transactions are translated into naira using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into naira at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss and other comprehensive income account. All non-monetary items are translated into naira at exchange rates prevailing on the date of transaction or on the date when fair values are determined. The financial statements are presented in naira, which is the Company's functional and presentation currency.

## **3.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **3.8 Dividends distribution**

Dividend distributions to the Company's shareholders are recognised in the Company's Financial Statements in the period in which the dividend is declared and paid or approved by the Company's shareholders.

## **3.9 Earnings per share**

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



### 3.10 Short term employee benefits

Short term employee benefits, such as salaries, paid absences and other benefits are accounted for on an accrual basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the income statement in staff costs.

### 3.11 Retirement benefit costs

#### i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. Contributions to a defined contribution that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date. Pension contribution of 7.5% of employees emoluments are made in accordance with the pension reform act 2004.

#### ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contributory plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the obligation of the Company to each staff in the current period in return for their service. The aggregate provision is such that at every point in time the plan has adequate funds with the Funds Managers for all obligations. The provisions and funding (managed by an independent funds manager) entitles employees to 50% of total exit emoluments on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100%. Amounts contributed in each year into the plan is expensed in the year in which they are due

### 3.12 Taxation

#### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

### Information technology levy

This represents 1% of profit before tax in accordance with the provision of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007.

### 3.13 Property, plant and equipment

Property, plant and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognized in addition if an asset's recoverable amount falls below its carrying amount.

The cost of acquisition comprises the acquisition price plus ancillary and subsequent acquisition costs, less any reduction received on the acquisition price. The cost of self-constructed property, plant and equipment comprises the direct cost of materials, direct manufacturing expenses, and appropriate allocations of material and manufacturing overheads. Where an obligation exists to dismantle or remove an asset or restore a site to its former condition at the end of its useful life, the present value of the related future payments is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

If the construction phase of property, plant or equipment extends over a long period, the interest incurred on borrowed capital up to the date of completion is capitalized as part of the cost of acquisition or construction in accordance with IAS 23 (Borrowing Costs).

### 3.13 Property, plant and equipment (continued)

Expenses for the repair of property, plant and equipment, such as on-going maintenance costs, are normally recognized in income. The cost of acquisition or construction is capitalized if a repair (such as a complete overhaul of technical equipment) will result in future economic benefits.

Property, plant and equipment is depreciated by the straight-line method, except where depreciation based on actual depletion is more appropriate. Significant asset components with different useful lives are accounted for and depreciated separately.

The following depreciation periods, based on the estimated useful lives of the respective assets, are applied throughout the Company:

Property, plant and equipment	Years
Buildings – leasehold	Over Lease period
Computer equipment	2 - 5
Furniture and fittings	8
Motor vehicles	4
Office equipment	5
Software license	Over License term
Capital work in progress	Not depreciated

Depreciation begins when an asset (tangible or intangible) is available for use and ceases at the earlier of the date that the asset is de-recognised or classified as held for sale in accordance with IFTR 5.

A non-current asset or disposable group is not depreciated while it is classified as held for sale

Impairment losses are recognized for declines in value that go beyond regular depreciation. If the reasons for previously recognized impairment losses no longer apply, the impairment losses are reversed provided that the reversals do not cause the carrying amounts to exceed the amortized cost of acquisition or construction.

When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

### **De-recognition of property, plant & equipment**

An item of property, plant & equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal.

## **3.14 Intangible assets**

### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### **Internally-generated intangible assets - research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- b. the intention to complete the intangible asset and use or sell it;
- c. the ability to use or sell the intangible asset;
- d. how the intangible asset will generate probable future economic benefits;
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.



## **De-recognition of intangible assets**

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is de-recognised.

## **3.15 Impairment of non-current assets**

The carrying values of all non-current assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment tests are performed not only on individual items of intangible assets, property, plant and equipment, but also at the level of cash-generating units.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-generating units are tested if there is an indication of possible impairment. Impairment testing involves comparing the carrying amount of each cash-generating unit or item of intangible assets, property, plant or equipment to the recoverable amount, which is the higher of its fair value less costs to sell or value in use. If the carrying amount exceeds the recoverable amount, the asset is impaired by the amount of the difference.

For the purpose of calculating the recoverable amount, both the fair value less costs to sell and the value in use are determined from the present value of the future net cash flows. These are forecast on the basis of the company's current planning, the planning horizon normally being three to five years. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes and costs. Where the recoverable amount is the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the cash-generating unit or individual asset is measured as currently used. In either case, net cash flows beyond the planning period are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information.

The net cash inflows are discounted at a rate equivalent to the weighted average cost of equity and debt capital. To allow for the different risk and return profiles of the Company's principal businesses, the after-tax cost of capital is calculated separately for each subgroup and a subgroup-specific capital structure is defined by benchmarking against comparable companies in the same industry sector. The cost of equity corresponds to the return expected by stockholders, while the cost of debt is based on the conditions on which comparable companies can obtain long-term financing. Both components are derived from capital market information.

## **3.16 Trade receivables**

Trade receivables are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the income statement. Subsequent recoveries of amounts previously provided for are credited to the income statement. Long-term receivables are discounted where the effect is material.

## **3.17 Trade payables**

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

## 3.18 Financial assets

The company's other financial instruments include:

- Cash and cash equivalents
- Fixed deposits
- Other investments

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortised cost.

### Fixed deposits

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently re-measured to amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in profit.

### Other investments

#### Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective interest method.

#### Available for sale

Investments, including those where the company has control or significant influence, that are intended to be held for an indefinite period or may be sold in response to a need for liquidity, are classified as available for sale. Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from changes in the fair value are included in fair value reserve in the period in which they arise. Investment in unquoted equities is carried at cost. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

#### Held for trading

Investments that are acquired principally for the purpose of generating a profit from short term fluctuations in price are classified as trading investments and included in current assets. These are initially measured at cost and at subsequent reporting dates, these investments are re-measured at fair value. Realized and unrealized gains and losses arising from changes in fair value are included in net profit or loss for the period in which they arise.

The fair value of publicly traded securities is based on market prices quoted on the Stock Exchange on which it is traded. The investments, for which a quoted market price is not available, are measured at cost as it is not practical to apply any other valuation methodology.



All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase includes transaction cost. At each balance sheet date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognized in the statement of profit or loss and other comprehensive income account, is removed from equity and recognized in the statement of profit or loss and other comprehensive income account. Impairment losses recognized in the statement of profit or loss and other comprehensive income account on equity instruments are not reversed through the statement of profit or loss and other comprehensive income account.

### Identification and measurement of impairment

At each reporting date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cashflows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against the financial asset. Interests on impaired assets continue to be recognised through unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses for available-for-sale equity securities are recognised within 'Impairment charges and provisions for other liabilities and charges' in the statement of comprehensive income.

Reversals of impairment of equity shares are not recognised in the statement of comprehensive income, increases in the fair value of equity shares after impairment are recognised in other comprehensive income.

### 3.19 Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to the income statement over the period of the relevant borrowing.

### 3.20 Other receivables and liabilities

Accrued items and other non-financial assets and liabilities are carried at amortized cost. They are amortized to income by the straight-line method or according to performance of the underlying transaction.

In accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), grants and subsidies from third parties that serve to promote investment are reflected in the statement of financial position under other liabilities and amortized to income over the useful lives of the respective assets.

### Financial Liabilities

Financial Liabilities are either classified as financial liabilities at fair value through profit or loss or other liabilities.



Other financial liabilities are measured at amortized cost using the effective interest rate method except for held for trading liabilities and liabilities designated at fair value, which are held at fair value through profit and loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount.

The Company derecognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or expired. Where valuations include significant unobservable inputs, the transaction price is deemed to provide the best evidence of initial fair value for accounting purposes.

### 3.21 Provisions

Provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Other provisions are measured in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) or, where applicable, IAS 19 (Employee Benefits). Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Provisions for restructuring only cover expenses that arise directly from restructuring measures necessary for restructuring and are not related to future business operations. Such expenses include severance payments to employees and rentals for property that is no longer utilized.

Restructuring measures may include the sale or termination of business units, site closures, re-locations of business activities, changes in management structure or fundamental reorganizations of business units.

The respective provisions are established when a detailed restructuring plan has been drawn up, resolved upon by the responsible decision-making level of management and communicated to the employees and/or their representatives. Provisions for restructuring are established at the present value of future disbursements.

Trade-related provisions are recorded mainly for the obligations in respect of services already received but not yet invoiced.

Provisions for litigations are recorded in the statement of financial position in respect of pending or future litigations, subject to a case-by-case examination. Such legal proceedings are evaluated on the basis of the available information, including that from legal counsel acting for the Company, to assess potential outcomes. Where it is more likely than not that a present obligation arising out of legal proceedings will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are considered to be reliably measurable.

These provisions cover the estimated payments to plaintiffs, court fees, attorney costs and the cost of potential settlements. The evaluation is based on the current status of the litigations as of each closing date and includes an assessment of whether the criteria for recording a provision are met and, if so, the amount of the provision to be recorded.

Litigation and other judicial proceedings generally raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of currently pending and future proceedings therefore cannot be predicted. As a result of a judgment in court proceedings or the conclusion of a settlement, the Company may incur charges in excess of presently established provisions and related insurance coverage.

Personnel-related provisions are mainly those recorded for annual bonus payments, variable one-time payments, individual performance awards, long-service awards, surpluses on long-term accounts and other personnel costs.

### 3.22 Discounting

Where the time effect of money is material, balances are discounted to current values using appropriate rates of interest. The unwinding of the discounts is recorded in finance income and finance costs.

## 4. Critical accounting judgements and key sources of estimation uncertainty

### 4.1 Key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 4.2 Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

#### 4.2.1 Fair Value

We often are required to measure certain assets and liabilities at fair value, either upon initial measurement or for subsequent accounting or reporting. For example, we use fair value extensively when accounting for and reporting on certain financial instruments. We estimate fair value using an exit price approach, which requires, among other things, that we determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of assets and, for liabilities, assuming the risk of non-performance will be the same before and after the transfer. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. When estimating fair value, depending on the nature and complexity of the asset or liability, we may use one or all of the following approaches:

- Income approach, which is based on the present value of a future stream of net cash flows
- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.
- Cost approach, which is based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.

These fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (called Level 1 inputs).
- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable (called Level 2 inputs).
- Unobservable inputs that reflect estimates and assumptions (called Level 3 inputs).

## 5. Revenue

An analysis of the CSCS' revenue is as follows:

	2013 N'000	2012 N'000
Eligibility fees	4,201	6,850
Domiciliary / depository fees	1,097,627	810,666
Transaction fees	3,117,110	1,920,486
	<b>4,218,938</b>	<b>2,738,002</b>

## 6. Interest revenue

	2013 N'000	2012 N'000
Interest income on fixed deposits	48,076	161,699
Interest income on treasury bills	915,480	1,081,366
Interest income on Federal Government bonds	937,405	409,736
Interest income on corporate bonds	140,191	139,426
Interest income on state bonds	198,511	-
	<b>2,239,663</b>	<b>1,792,227</b>

Interest revenue earned on financial assets analysed by category of asset, is as follows:

Loans and receivables (including cash and bank balances)	2,239,663	1,792,227
Total interest income for financial assets not designated at fair value through profit or loss	2,239,663	1,792,227

## 7. Other operating income

	2013 N'000	2012 N'000
Data centre subscriptions	60,397	57,713
Trade alert fee	84,000	84,000
Bond dealers fees	77,989	62,738
Website subscription	37,320	34,647
Statement of stock position	16,300	34,918
Other fees	129,448	59,607
Recovery - Investor protection	-	7,649
Net write back in provision for receivables (Note 7.1)	23,548	-
Excess pension fund recovered (Note 7.2)	-	300,743
	<b>429,002</b>	<b>642,015</b>

### 7.1 Net write back in provision for receivables

Provision write back of receivables	41,923	-
Provision for doubtful other receivables	(18,375)	-
Net write back in provision for receivables	<b>23,548</b>	-

### 7.2 Excess pension fund recovered

This represents excess pension contribution recovered in 2012.

## 8. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

### 8.1 Depreciation and amortisation expenses

Depreciation of property, plant and equipment	92,259	163,566
Amortisation of intangible assets included in other operating expenses	50,054	16,373
	<b>142,313</b>	<b>179,939</b>

### 8.2 Staff Cost

Salaries and allowances	545,327	531,756
Staff training and development	81,373	87,543
Staff welfare and medical expenses	88,690	70,960
Productivity/promotion expenses	290,264	242,450
Write back of prior year over provision in productivity expenses	(56,319)	-
	<b>949,335</b>	<b>932,709</b>
Staff severance package (Note 8.2.1)	1,122	244,696
Staff retirement benefits - 16,247 Provision for staff severance benefits	27,226	82,013
Staff pension management contribution	34,912	24,843
	<b>1,012,595</b>	<b>1,300,508</b>

## 8.2.1 Staff severance package

This represents severance compensation paid to exiting staff, whose employments were terminated in March 2013 and April 2012 for current and prior year respectively.

## 8.3 Administration expenses

	2013 N'000	2012 N'000
Rent and rates	55,771	51,236
Publicity / Enlightenment	26,491	18,884
Telephone, postages and electricity	12,850	7,994
Office equipment maintenance	13,173	7,392
Electricity / Energy / Water	29,399	15,910
Motor vehicle maintenance	13,765	5,833
Office building maintenance	6,307	3,839
Computer maintenance	60,077	18,618
Directors' sitting allowances	21,300	11,100
Directors' expenses	113,721	61,237
AGM expenses	5,332	2,657
Software license fees	19,068	591
Swift running and trade alert expenses	9,499	-
Miscellaneous expenses	-	5,268
Data center service cost	62,873	54,348
Filing, processing fees and registration	2	1,594
Business development / promotion	20,835	549
Stationery and printing	7,052	7,436
Audit fee	14,000	11,000
Legal fees	22,251	17,910
Professional charges	71,343	64,459
Travelling expenses	88,881	78,312
Insurance	49,470	70,931
Annual subscription	12,303	11,155
Entertainment	4,941	1,628
Marketing expenses	44,697	27,585
Industrial training fund	2,991	14,125
Amortized premium on bonds	-	7,284
Treasury bills purchase expenses	-	3,196
Newspapers & periodicals	1,151	802
	<b>789,543</b>	<b>582,873</b>

## 8.4 Other expenses

Bank charges	10,764	14,750
Investors protection expenses (Note 8.4.1)	108,105	-
	<b>118,869</b>	<b>14,750</b>





## 8.4.1 Investors protection expenses

This represents the cost to buy back stocks which had remained unsettled due to financial inability of specific stockbroking firms. The Company bought back the shares to avoid distortions in the market. This was approved by the Board of Directors on 20 September 2013.

## 9. Staff costs

The average number of persons employed in the financial year and the staff costs were as follows:

	2013 N'000	2012 N'000
Managerial	4	3
Senior	71	61
Junior	45	46
	<b>120</b>	<b>110</b>

Their aggregate remuneration comprised:

Salaries and wages	949,335	932,709
Gratuity and pension costs	63,260	367,799
	<b>1,012,595</b>	<b>1,300,508</b>

## 10. Dividends

In respect of the current year, the Directors propose that a dividend of 22k per ordinary share (2012: 15k per ordinary share) will be paid to the shareholders. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders are accounted for on the date of declaration as they do not meet the liability criteria of present obligation. The proposed dividend is subject to a withholding tax at the appropriate tax rate and is payable to all shareholders whose names appear on the register of members two weeks to the 2014 Annual General Meeting. The total estimated dividend to be paid is N1.1 billion (2012: N750 million).

## 11. Tax expense

### Income tax recognised in profit or loss

	2013 N'000	2012 N'000
<b>Current tax</b>		
Current tax expense in respect of the current year		
Corporate Income tax	882,154	483,764
Education tax	56,593	34,721
Information technology levy	48,243	30,942
Under provision from prior years	155,378	-
	<b>1,142,368</b>	<b>549,427</b>



	2013 N'000	2012 N'000
<b>Deferred tax</b>	4	3
Deferred tax expense recognised in the current year	(56,382)	(33,100)
Deferred tax reclassified from equity to profit or loss	-	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-
Write-downs (reversals of previous write-downs) of deferred tax assets	-	-
Under provision from prior years	(56,382)	(33,100)

<b>Total income tax expense recognised in the current year relating to continuing operations</b>	<b>1,085,986</b>	<b>516,327</b>
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#### Reconciliation of effective tax rate:

Profit before tax	4,824,283	3,094,174
Taxable expenses	279,575	272,432
Tax free income	(2,274,211)	(1,630,548)
Balancing charge/(Capital allowance)	110,866	(123,511)
<b>Taxable profit</b>	<b>2,940,513</b>	<b>1,612,547</b>

Income tax at 30%	882,154	483,764
Education tax at 2%	56,593	34,721
Technology tax	48,243	30,942
Adjustment in respect of tax charge on prior year tax	155,378	-
<b>Current tax on income for the year</b>	<b>1,142,368</b>	<b>549,427</b>
Deferred tax charge - temporary difference	(56,382)	(33,100)
Tax on profit on ordinary activities	<b>1,085,986</b>	<b>516,327</b>
<b>Effective tax rate</b>	<b>23%</b>	<b>17%</b>

#### Current tax assets and liabilities

##### Current tax liabilities

Income tax payable	1,085,986	516,327
At 1 January	481,218	537,934
Payment during the year	(543,775)	(606,143)
Deferred tax assets	56,382	33,100
<b>Per statement of financial position</b>	<b>1,079,811</b>	<b>481,218</b>

##### Deferred tax asset/liability

The following is the analysis of deferred tax asset/liability presented in the statement of financial position:

At 1 January	(89,221)	(122,321)
Charge for the year	-	-
Deferred tax asset	56,382	33,100
<b>Per statement of financial position</b>	<b>(32,839)</b>	<b>(89,221)</b>

The deferred tax asset for the year has been recognized in the statement of profit or loss and other comprehensive income

**12.Intangible assets - Software license Cost**

	<b>2013</b>	<b>2012</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 January	79,043	78,367
Reclassification from property plant and equipment	1,881,827	-
Reclassification from prepaid expenses	15,360	-
Additions during the year	46,667	676
<b>At 31 December</b>	<b>2,022,897</b>	<b>79,043</b>

**Accumulated amortisation and impairment losses**

At 1 January	68,785	52,412
Reclassification from property plant and equipment	1,847,877	-
Charge during the year	50,054	16,373
<b>At 31 December</b>	<b>1,966,716</b>	<b>68,785</b>

**Carrying amount of:**

Software license	<b>56,181</b>	<b>10,258</b>
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# Notes To The Financial Statements For The Year Ended 31 December 2013 (Cont'd)

## 13. Property, plant and equipment

	2013 N'000	2012 N'000
<b>Carrying amount of:</b>		
Land and buildings (Note 13.1)	-	198,297
Motor vehicles	85,963	42,658
Furniture and fittings	30,767	40,542
Office equipment	23,272	26,539
Computer equipment	36,290	82,566
Work - in - progress	13,222	4,400
	<b>189,514</b>	<b>395,002</b>

**13.1** During the year, the company disposed its land and building located at Parkview Estate, Ikoyi, Lagos on the premise that the location of the building was no longer suitable for the intended use. The disposal was duly approved by the Board of Directors.

	Land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Office equipment N'000	Computer equipment N'000	Work-in-progress N'000	Total N'000
<b>Cost or valuation</b>							
At 1 January 2013	237,588	79,650	93,309	136,555	2,590,882	4,400	3,142,384
Reclassification to intangible assets	-	-	-	-	(1,881,827)	-	(1,881,827)
Additions	-	77,180	1,939	4,789	24,724	13,222	121,854
Write off	-	-	-	-	-	(4,400)	(4,400)
Disposals	(237,588)	-	-	(25,778)	-	-	(263,366)
At 31 December 2013	-	156,830	95,248	115,566	733,779	13,222	1,114,645

## Accumulated depreciation and impairment

At 1 January 2013	39,291	36,992	52,767	110,016	2,508,316	-	2,747,382
Reclassification to intangible assets	-	-	-	-	(1,847,877)	-	(1,847,877)
Depreciation expense	1,564	33,875	11,714	8,056	37,050	-	92,259
Eliminated on disposals of assets	(40,855)	-	-	(25,778)	-	-	(66,633)
At 31 December 2013	-	70,867	64,481	92,294	697,489	-	925,131
<b>Net book value as at 31 December, 2013</b>	<b>-</b>	<b>85,963</b>	<b>30,767</b>	<b>23,272</b>	<b>36,290</b>	<b>13,222</b>	<b>189,514</b>

# Notes To The Financial Statements For The Year Ended 31 December 2013 (Cont'd)

	Land and buildings N'000	Motor vehicles N'000	Furniture and fittings N'000	Office equipment N'000	Computer equipment N'000	Work-in-progress N'000	Total N'000
<b>Cost or valuation</b>							
At 1 January 2012	237,588	174,323	98,198	130,464	2,595,812	-	3,236,385
Additions	-	14,099	2,789	19,984	11,059	4,400	52,331
Disposals	-	(108,772)	(7,678)	(13,893)	(15,989)	-	(146,332)
Derecognition	-	-	-	-	-	-	-
At 31 December 2012	237,588	79,650	93,309	136,555	2,590,882	4,400	3,142,384
<b>Accumulated depreciation and impairment</b>							
At 1 January 2012	34,539	82,937	47,720	110,016	2,414,902	-	2,689,771
Depreciation expense	4,752	23,265	11,912	14,235	109,402	-	163,566
Eliminated on disposals of assets	-	(69,210)	(6,865)	(13,892)	(15,988)	-	(105,955)
Derecognition	-	-	-	-	-	-	-
At 31 December 2012	39,291	36,992	52,767	110,016	2,508,316	-	2,747,382
<b>Net book value as at 31 December, 2012</b>	<b>198,297</b>	<b>42,658</b>	<b>40,542</b>	<b>26,539</b>	<b>82,566</b>	<b>4,400</b>	<b>395,002</b>

## 14. Investments

	2013 N'000	2012 N'000
<b>Held-to-maturity investments carried at amortised cost</b>		
Federal Government Bonds	7,953,458	4,870,757
Corporate Bonds	1,035,288	1,035,000
State Bonds	2,135,208	-
	<b>11,123,954</b>	<b>5,905,757</b>

### 14.1 Analysis of Federal Government Bonds

	Coupon rate	Maturity date	Face value	Carrying amount	Carrying amount
			31 December 2013 N'000	31 December 2013 N'000	31 December 2012 N'000
FGN Bond (FGN Bond Mar 2014)	10.50%	14/Mar/14	260,000	269,247	267,902
FMBN Bond - FG Guaranteed	0.00%	17/May/15	400,000	321,677	278,864
FGN Bond (FG N Bond April 2017)	15.10%	27/Apr/17	3,552,550	3,779,088	3,050,513
FGN Bond (FG N Bond June 2019)	16.00%	29/Jun/19	335,000	372,061	158,331
FGN Bond (FG N Bond August 2016)	13.05%	16/Aug/16	850,000	889,971	-
FGN Bond (FG N Bond January 2022)	16.39%	27/Jan/22	1,000,000	1,130,022	1,115,147
FGN Bond (Local Contractor's Bond 2016)	Zero/16%	9/Dec/16	1,320,000	1,191,392	-
<b>Total</b>			<b>7,717,550</b>	<b>7,953,458</b>	<b>4,870,757</b>

### 14.2 Analysis of Corporate Bonds

	Coupon rate	Maturity date	Face value	Carrying amount	Carrying amount
			31 December 2013 N'000	31 December 2013 N'000	31 December 2012 N'000
UBA Plc. (Corporate Bond 2018)	14.00%	1/Oct/18	1,000,000	1,035,288	1,035,000
<b>Total</b>			<b>1,000,000</b>	<b>1,035,288</b>	<b>1,035,000</b>

### 14.3 Analysis of State Government Bonds

	Coupon rate	Maturity date	Face value	Carrying amount	Carrying amount
			31 December 2013 N'000	31 December 2013 N'000	31 December 2012 N'000
Lagos State Bond (November 2019)	14.50%	22/Nov/19	850,000	958,644	-
Gombe State Bond (October 2019)	15.50%	2/Oct/19	228,165	254,817	-
Kwara State Bond (August 2014)	14.00%	5/Aug/14	250,000	267,010	-
Niger State Bond (December 2018)	14.00%	12/Dec/18	650,000	654,737	-
<b>Total</b>			<b>1,978,165</b>	<b>2,135,208</b>	<b>-</b>

## 15. Trade and other receivables

	2013 N'000	2012 N'000
<b>Trade receivables</b>		
Trade debtors (Note 15.1)	367,084	397,805
Allowance for doubtful accounts (Note 15.2)	(340,873)	(382,796)
	26,211	15,009
<b>Other receivables</b>		
Staff debtors	4,507	8,619
Due from related company- Nigerian Stock Exchange( Note 15.3)	212,280	427,013
Other debtors	161,606	152,305
Allowance for doubtful accounts (Note 15.4)	(18,375)	-
Subtotal	360,018	587,937
<b>Total trade and other receivables</b>	<b>386,229</b>	<b>602,946</b>

### 15.1 Trade receivables

Total trade receivables (net of impairment) held by the company at 31 December 2013 amounted to N26.211 million

Trade receivables arise from the principal revenue generating activities of the company which are explained below:

Eligibility fees relate to annual fees paid by the stockbroking firms for trading in the Nigerian Stock Exchange market, N25,000 is paid annually and directly to CSCS. Depository fee relates to fees paid by the companies whose shares are listed for trading on the floor of the Nigerian Stock Exchange. It is charged based on 0.0125% of the company's market capitalization as at 1 December of the preceding year. Transaction fees relate to CSCS fees on value of shares traded on the floor of the stock exchange (which is 0.30% of shares sold). Settlement bank participation fees are paid by settlement banks to CSCS and are expected to pay N250,000 annually. The company has recognised an allowance for doubtful debts of 100% against all receivables over 360 days. Allowances against doubtful debts are recognised against trade receivables outstanding for more than 360 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Ageing of past due but not impaired receivables

30-60 days	164,947	90,427
60-90 days	3,003	2,628
90-120 days	218,279	509,891
<b>Total</b>	<b>386,229</b>	<b>602,946</b>

### 15.2 Movement in the allowance for doubtful trade receivables

At 1 January	382,796	442,786
Write back of provision no longer required	(41,923)	(59,990)
At 31 December	340,873	382,796

In determining the recoverability of a trade receivable the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

## 15.3 Due from related company – Nigerian Stock Exchange

This represents various eligibility fees received by NSE from quoted companies on behalf of Central Securities Clearing System Plc.

## 15.4 Movement in the allowance for doubtful other receivables

	2013 N'000	2012 N'000
At 1 January	-	-
Charge during the year	(18,375)	-
At 31 December	(18,375)	-

## 16. Treasury bills

### Analysis of treasury bills as at 31 December, 2013

S/N	Purchasing bank	Tenure	Rate	Effective date	Maturity date	Face value N'000	Carrying amount N'000
1	Access Bank Plc.	119	12.00%	10/31/2013	2/27/2014	260,000	255,042
2	Access Bank Plc.	210	12.80%	7/4/2013	1/30/2014	431,799	427,256
3	First Bank of Nigeria Plc.	174	12.10%	10/25/2013	4/17/2014	160,000	154,325
4	First Bank of Nigeria Plc.	189	12.00%	8/15/2013	2/20/2014	500,000	491,616
5	Fidelity Bank Plc.	139	11.85%	12/6/2013	4/24/2014	200,000	192,598
6	Guaranty Trust Bank Plc.	70	11.55%	11/28/2013	2/6/2014	750,000	741,219
7	Guaranty Trust Bank Plc.	97	11.50%	11/29/2013	3/6/2014	150,000	146,928
8	Guaranty Trust Bank Plc.	119	11.90%	11/29/2013	2/27/2014	300,000	294,327
9	Guaranty Trust Bank Plc.	136	12.50%	9/2/2013	1/16/2014	100,000	99,452
10	Guaranty Trust Bank Plc.	139	11.90%	12/20/2013	5/8/2014	450,000	431,221
11	Guaranty Trust Bank Plc.	150	11.90%	10/14/2013	3/13/2014	400,000	390,610
12	Guaranty Trust Bank Plc.	182	12.00%	8/15/2013	2/13/2014	500,000	492,767
13	Guaranty Trust Bank Plc.	182	12.00%	10/10/2013	4/10/2014	100,000	96,712
14	Guaranty Trust Bank Plc.	185	13.00%	7/29/2013	1/30/2014	450,000	445,192
15	Guaranty Trust Bank Plc.	364	9.80%	3/21/2013	3/20/2014	100,000	97,879
16	UBA Plc.	139	11.95%	11/1/2013	3/20/2014	100,000	97,414
17	UBA Plc.	174	12.00%	10/18/2013	4/10/2014	1,000,000	967,123
18	UBA Plc.	175	12.15%	10/3/2013	3/27/2014	300,000	291,412
19	UBA Plc.	182	12.05%	8/15/2013	2/13/2014	250,000	246,369
20	UBA Plc.	224	13.10%	7/11/2013	2/20/2014	100,000	98,170
21	UBA Plc.	225	13.00%	7/10/2013	2/20/2014	150,000	147,275
22	Zenith Bank Plc.	119	11.90%	10/31/2013	2/20/2014	200,000	196,218
<b>Total</b>						<b>6,951,799</b>	<b>6,801,125</b>



## Analysis of treasury bills as at 31 December, 2012

S/N	Purchasing bank	Tenure	Rate	Effective date	Maturity date	Face value N'000	Carrying amount N'000
1	Access Bank Plc.	240	14.85%	6/12/2012	2/7/2013	460,000	453,066
2	Access Bank Plc.	93	12.70%	11/27/2012	2/28/2013	260,000	254,663
3	Access Bank Plc.	99	12.80%	12/12/2012	3/21/2013	1,036,000	1,006,935
4	Fidelity Bank Plc.	71	12.25%	11/12/2012	1/21/2013	150,000	148,892
5	Fidelity Bank Plc.	90	10.50%	12/7/2012	3/7/2013	180,000	176,582
6	Guaranty Trust Bank Plc.	364	14.40%	7/25/2012	7/25/2013	150,000	137,869
7	Guaranty Trust Bank Plc.	364	14.79%	8/9/2012	8/8/2013	370,000	337,016
8	Guaranty Trust Bank Plc.	364	12.80 %	10/11/2012	10/10/2013	335,000	301,753
9	First Bank of Nigeria Plc.	364	15.00%	2/23/2012	2/21/2013	488,000	476,607
10	First Bank of Nigeria Plc.	364	14.75%	8/9/2012	8/9/2013	525,000	478,412
11	UBA Plc.	364	15.10%	8/9/2012	8/8/2013	160,000	145,438
12	UBA Plc.	78	12.80%	12/13/2012	2/28/2013	700,000	685,271
13	Zenith Bank Plc.	364	15.00%	2/23/2012	2/21/2013	2,957,390	2,895,409
<b>Total</b>						<b>7,771,390</b>	<b>7,497,913</b>

### 17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2013 N'000	2012 N'000
Balance at bank	165,783	172,266
Short term deposits	964,848	1,118,057
Allowance for doubtful short term deposit (Note 17.1)	(277,453)	(277,453)
	<b>853,178</b>	<b>1,012,870</b>

17.1 This represents a fixed deposit amount with a financial institution in dispute.

### 18. Other assets (Note 18.1)

	8,952	8,268
	8,952	8,268

18.1 The amount presented above represents funds held by CSCS in Trust for Western Textile Mills shareholders. The company was entrusted with the liquidation proceeds of Western Textile Mills following the extraordinary general meeting of Western Textile Mills Plc held on 10 February 2002 where it was resolved that the amount due to the company's shareholders be placed in a fixed deposit account under the custody of the Central Securities Clearing System Plc. The interest earned on the principal is to be used to publish the names of outstanding claimants in daily newspapers and to settle the bank's operating charges.



## 19. Share capital

	2013 N'000	2012 N'000
<b>Authorised</b>		
5,000,000,000 ordinary shares of N1 each	5,000,000	5,000,000
<b>Issued and fully paid:</b>		
At 31 December	5,000,000	5,000,000

No shares were issued during the year.

## 20. Retained earnings

At 1 January	9,070,686	6,992,839
Transfer from statement of profit or loss and other comprehensive income	3,738,297	2,577,847
Payment of dividend	(750,000)	(500,000)
At 31 December	<b>12,058,983</b>	<b>9,070,686</b>

## 21. Pension plan and other employment benefits

Analysis of the amount charged to statement of profit and loss and other comprehensive income and statement of financial position is shown below:

### Per statement of profit and loss and other comprehensive income

Provision for staff severance benefits (Note 8.2)	27,226	82,013
At 1 January	<b>27,226</b>	<b>82,013</b>

### Per statement of financial position

At 1 January	82,013	-
Charge for the year (Note 21.1)	27,226	82,013
Payment to pension fund administrators	(38,833)	-
At 31 December	<b>70,406</b>	<b>82,013</b>

21.1 At its meeting of November 7, 2012, the Board of Directors of the Company resolved to establish a Long Term Severance Benefit Scheme in order to make provisions for the terminal payments to staff upon exit from the employment of the Company. On December 11, 2013, the Board approved the details of the Scheme as presented by the Management. The Scheme entitles employees to 50% of total emoluments on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100%. Amount contributed in each year into the scheme is expensed in the year in which they are due. The Scheme has Capital Express Assurance Company Plc. as the Funds Managers and UTIB Insurance Brokers Limited as Advisers.

## 22. Payables, provisions and accruals

Sundry creditors and accruals	816,554	395,896
Staff productivity bonus	290,264	242,450
Managed Funds (Note 22.1)	68,280	63,162
	<b>1,175,098</b>	<b>701,508</b>

The Directors consider that the carrying amount of trade payables approximates to their fair value.

- 22.1** Managed funds' represents the Trade Guarantee Funds (TGF) which was created by the Nigerian Stock Exchange (NSE) to ensure and guarantee cash settlement of Nigerian Stock Exchange transactions. The TGF is financed by NSE members which consists of approximately 261 dealing member firms in Nigeria. The members at present contribute to this fund, a one-time contribution of N100,000 each. The fund grows by way of bank interest and penalty charges. The asset of the fund is maintained with Guaranty Trust Bank Plc. and included in trade and other receivables (Note 15).

Also included in managed funds is staff gratuity fund that was terminated during the year. The Board of Directors resolved at its meeting of 5 September, 2011 to manage the funds internally by a board of trustees of which members were drawn from within the company. Qualifying staff as at the terminal date of the scheme would be settled when they disengage from the company.

## 23. Other liabilities

	2013 N'000	2012 N'000
Western Textile Mills Plc. - Fixed deposit (Note 23.2)	8,952	8,268
<b>23.1</b> Western Textile Mills Plc. - Due to shareholders	4,998	4,818
Western Textile Mills Plc. - Accumulated interest due to shareholders	3,954	3,450
	<b>8,952</b>	<b>8,268</b>

- 23.2** At the extra-ordinary general meeting of Western Textile Mills Plc. held on 10 February 2002, it was resolved that the amount due to the company's shareholders be placed in a fixed deposit account under the custody of the Central Securities Clearing System Limited. The interest earned on the principal is to be used to publish the names of outstanding claimants in daily Newspapers and to settle the bank's operating charges.

## 24. Financial Instruments

### Capital risk management

The company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of its capital structure.

The capital structure of the company consists of cash and cash equivalents and equity attributable to its equity holders, comprising issued capital, reserves and retained earnings as disclosed in notes 18-19.

The company is not subject to any externally imposed capital requirements.

The company's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Equity includes all capital and reserves of the company that are managed as capital.

# Notes To The Financial Statements For The Year Ended 31 December 2013 (Cont'd)

## Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

## Categories of financial instruments

	Held to maturity N'000	Loans & Receivables N'000	Available for sale N'000	Fair value through profit or loss N'000	31 Dec 13 Total N'000
<b>Financial assets</b>					
Cash and cash equivalents	-	853,178	-	-	853,178
Bonds	11,123,954	-	-	-	11,123,954
Treasury bills	6,801,125	-	-	-	6,801,125
Trade and other receivables	-	386,229	-	-	386,229
Other financial assets	-	8,952	-	-	8,952
	<b>17,925,079</b>	<b>1,248,359</b>	<b>-</b>	<b>-</b>	<b>19,173,438</b>

	Amortised cost N'000	Fair value N'000	31 Dec 13 Total N'000
<b>Financial liabilities</b>			
Other liabilities	8,952	-	8,952
Trade and other payables	1,175,098	-	1,175,098
	<b>1,184,050</b>	<b>-</b>	<b>1,184,050</b>

The carrying amount reflected above represents the Company's maximum exposure to credit risk for such trade and other receivables

	Held to maturity N'000	Loans & Receivables N'000	Available for sale N'000	Fair value through profit or loss N'000	31 Dec 13 Total N'000
<b>Financial assets</b>					
Cash and bank balances	-	1,012,870	-	-	1,012,870
Bonds	5,905,757	-	-	-	5,905,757
Treasury bills	7,497,813	-	-	-	7,497,813
Trade and other receivables	-	602,946	-	-	602,946
Other financial assets	-	8,268	-	-	8,268
	<b>13,403,570</b>	<b>1,624,084</b>	<b>-</b>	<b>-</b>	<b>15,027,654</b>

	Amortised cost N'000	Fair value N'000	31 Dec 13 Total N'000
<b>Financial liabilities</b>			
Other liabilities	8,268	-	8,268
Trade and other payables	701,508	-	701,508
	<b>709,776</b>	<b>-</b>	<b>709,776</b>

## Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

## Market risk

The Company's activities expose it to the financial risks of changes in activities and prices of stocks on the exchange. The Company enters into derivative transactions to manage its exposure to foreign currency risk and interest rate risk. Market risk exposures are measured using value-at-risk (VaR) supplemented by sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

## Value-at-risk (VaR) analysis

The VaR measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99 per cent VaR number used by the company reflects the 99 per cent probability that the daily loss will not exceed the reported VaR.

VaR methodologies employed to calculate daily risk numbers include the historical and variance-covariance approaches. In addition to these two methodologies, Monte Carlo simulations are applied to the various portfolios on a monthly basis to determine potential future exposure.

## Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

## Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

# Notes To The Financial Statements For The Year Ended 31 December 2013 (Cont'd)

## Fair value of financial instruments

### Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Carrying Amount		Fair Value	
	31 Dec 2013 N'000	31 Dec 2012 N'000	31 Dec 2013 N'000	31 Dec 2012 N'000
<b>Financial assets carried at amortized cost</b>				
Loans and receivables:				
- Other financial assets	8,952	8,268	8,952	8,268
- Trade and other receivables	386,229	602,946	386,229	602,946
Held to maturity investments:				
- Quoted investments	17,925,079	13,403,570	17,925,079	13,403,570
<b>Financial liabilities held at amortised cost</b>				
- Other liabilities	8,952	8,268	8,952	8,268
- Trade and other payables	1,175,098	701,508	1,175,098	701,508

### Valuation and assumptions used in determining fair value of financial assets and liabilities

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis



## 25 Events after the reporting period

There are no events after the reporting period that could have had a material effect on the state of affairs of the Company as at 31st December 2013 which have not been adequately provided for or disclosed in these financial statements.

## 26 Contingent liabilities

There are pending litigations against the Company some of which the Company is only a nominal party. Contingent liability as at 31 December 2013 stood at N360,200,000 (2012: N360,200,000). However, the Directors are of the opinion that the various suits will not succeed against the company.

## 27 Capital commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into account in the preparation of the financial statement.

## 28 Financial commitments

There are no commitments for capital expenditure authorised by the Directors but not provided for in this financial statement at 31 December 2013.

## 29 Related party transactions

A number of transactions were entered into with the Nigerian Stock Exchange. These include rent and trade alert handling charges on behalf of the Nigerian Stock Exchange during the year.

### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2013 N'000	2012 N'000
Short-term employee benefits	61,825	75,160
Post-employment benefits	19,839	5,637
	<b>81,664</b>	<b>80,797</b>

## Statement Of Value Added

	2013 N'000	%	2012 N'000	%
Fees	4,218,938		2,738,002	
Interest revenue	2,239,663		1,792,227	
Other operating income	429,002		642,015	
Bought in services - local	958,466)		(613,996)	
<b>Value added</b>	<b>5,929,137</b>	<b>100</b>	<b>4,558,248</b>	<b>100</b>
<b>Applied as follows:</b>				
<b>To pay employees:</b>				
Salaries and wages	949,335	16	932,709	20
Pensions and gratuity	63,260	1	367,799	8
<b>To pay Government:</b>				
- Taxation	1,142,368	19	549,427	12
<b>For future replacement of assets, expansion of business and payment of dividend to shareholders:</b>				
- Deferred taxation	(56,382)	(1)	(33,100)	(1)
- Depreciation	92,259	2	163,566	4
- Profit for the year	3,738,297	63	2,577,847	57
	5,929,137	100	4,558,248	100

Value-added represents additional wealth which the Company has been able to create through its own and employees' efforts. This statement shows the application of that wealth amongst the employees, government and that retained for future creation of more wealth.



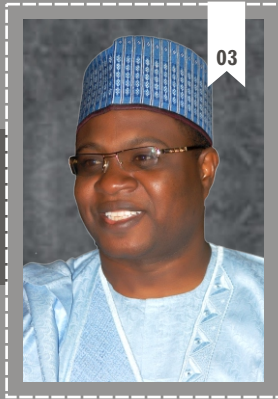
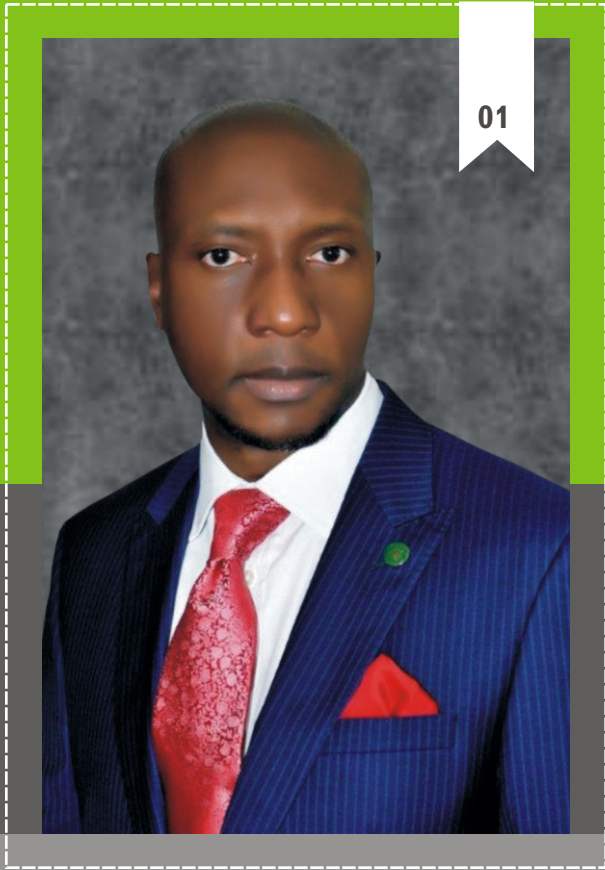
## Financial Summary

	31 Dec 2013 N'000	31 Dec 2012 N'000	31 Dec 2011 N'000	31 Dec 2010 N'000
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>Non-current assets</b>				
Intangible assets	56,181	10,258	25,955	38,724
Property, plant and equipment	189,514	395,002	546,614	689,450
Investments	11,123,954	5,905,757	1,303,486	200,000
Deferred tax asset	-	-	-	84,356
<b>Total non-current assets</b>	<b>11,369,649</b>	<b>6,311,017</b>	<b>1,876,055</b>	1,012,530
<b>Current assets</b>				
Trade and other receivables	386,229	602,946	1,108,511	1,450,612
Treasury bills	6,801,125	7,497,813	8,887,224	-
Cash and cash equivalents	853,178	1,012,870	1,759,730	10,846,342
Sundry stock	6,956	-	-	-
Other assets	8,952	8,268	11,107	6,700
<b>Total current assets</b>	<b>8,056,440</b>	<b>9,121,897</b>	<b>11,766,572</b>	<b>12,303,654</b>
<b>Total assets</b>	<b>19,426,089</b>	<b>15,432,914</b>	<b>13,642,627</b>	<b>13,316,184</b>
<b>Equity</b>				
Share capital	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	12,058,983	9,070,686	6,992,839	6,741,939
<b>Total equity</b>	<b>17,058,983</b>	<b>14,070,686</b>	<b>11,992,839</b>	<b>11,741,939</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	32,839	89,221	122,321	-
<b>Total non-current liabilities</b>	<b>32,839</b>	<b>89,221</b>	<b>122,321</b>	-
<b>Current liabilities</b>				
Pension plan and other employment benefits	70,406	82,013	-	335,021
Payables, provisions and accruals	1,175,098	701,508	999,179	564,572
Current tax liabilities	1,079,811	481,218	520,681	667,952
Other liabilities	8,952	8,268	7,607	6,700
<b>Total current liabilities</b>	<b>2,334,267</b>	<b>1,273,007</b>	<b>1,527,467</b>	<b>1,574,245</b>
<b>Total liabilities</b>	<b>2,367,106</b>	<b>1,362,228</b>	<b>1,649,788</b>	<b>1,574,245</b>
<b>Total equity and liabilities</b>	<b>19,426,089</b>	<b>15,432,914</b>	<b>13,642,627</b>	<b>13,316,184</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Net operating income	6,887,603	5,172,244	4,193,971	
Profit before taxation	4,824,283	3,094,174	1,730,377	
Profit for the year	3,738,297	2,577,847	1,000,900	
<b>PER N1 SHARE DATA (KOBO)</b>				
Earnings - basic (kobo)	75	52	20	
Net asset per share (kobo)	341	281	240	

Basic Earnings per share are based on profit after tax and the number of issued share capital at the end of each period.



# BOARD OF DIRECTORS



## THE BOARD

**1. MR OSCAR ONYEMA**  
*Chairman*

**2. MR KYARI ABBA BUKAR**  
*Managing Director/ CEO*

**3. ALHAJI UMARU KWAIRANGA**  
*Director*

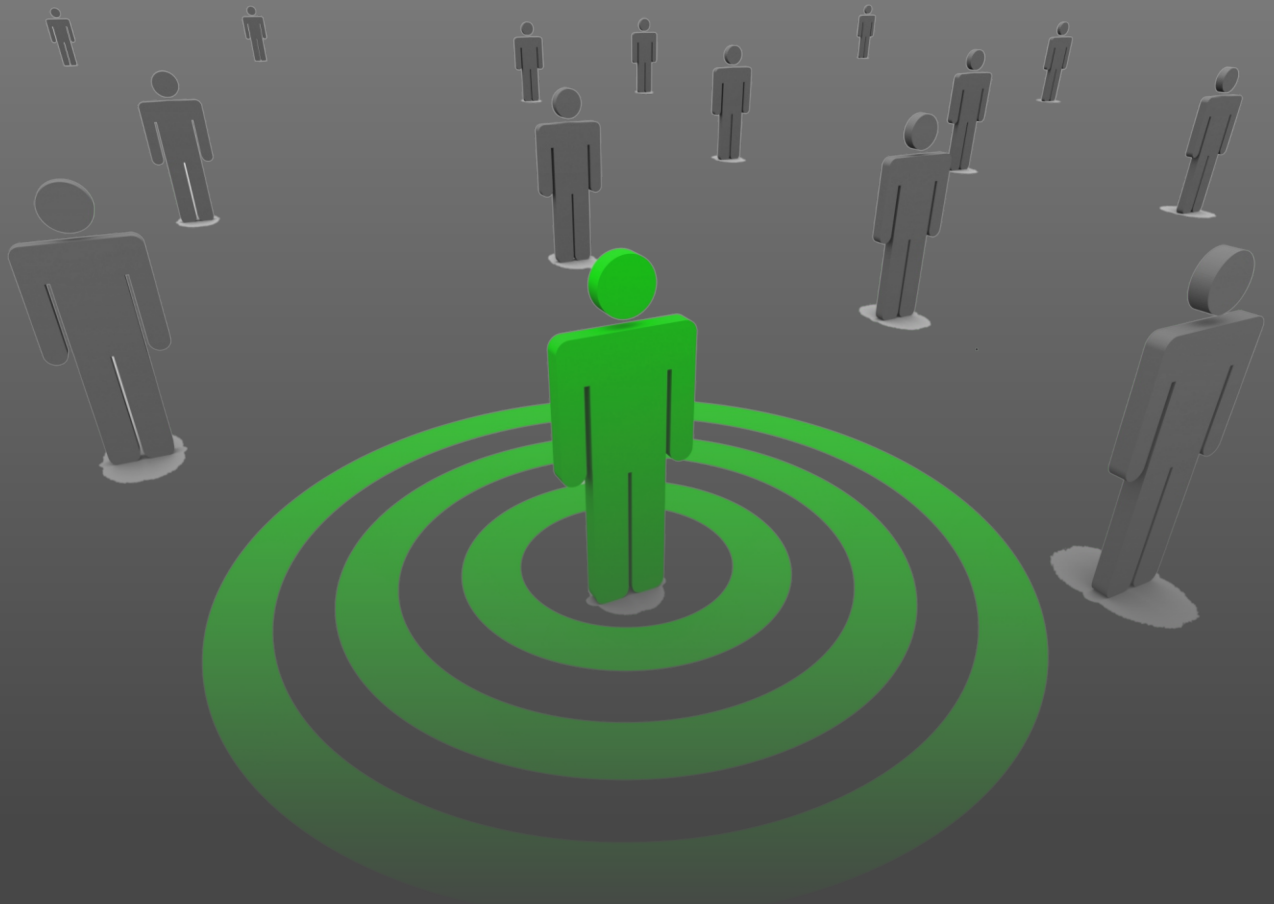
**4. MR CHIDI AGBAPU**  
*Director*

**5. MR BAYO OLUGBEMI**  
*Director*

**6. MRS. IFUEKO MARINA OMOIGUI OKAURU**  
*Independent Director*

**7. MR. SOLA ADEEYO**  
*Independent Director*

**8. MR. HARUNA JALO-WAZIRI**  
*Director*



# LEADERSHIP TEAM



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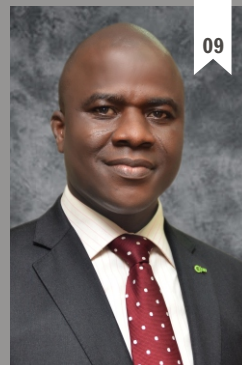
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## LEADERSHIP TEAM

**1. MR KYARI ABBA BUKAR**  
*Managing Director/ CEO*

**2. JOSEPH MEKILIUWA**  
*Head, Operations*

**3. VINCENT UKOH**  
*Head, Finance*

**4. AYOKUNLE ADARALEGBE**  
*Head, Enterprise Risk Management*

**5. VICTOR AGANBI**  
*Head, Corporate Communications*

**6. ANTHONY EZUGBOR**  
*Head, Product and Service Development*

**7. ISQIL ADENIJI**  
*Head, IT*

**8. UJU OKEKE**  
*Head, Corporate Strategy*

**9. CLETUS IGAH**  
*Head, Human Resources*

**10. ADEKUNLE KUKU**  
*Head, Business Development & Sales*

**11. DANIEL OHWODO**  
*Head, Audit*

**12. CHARLES I. OJO**  
*Head, Legal Services*

# Proposed Amendments To The Articles Of Association Of Central Securities Clearing System Plc

Details of each amendment to the Memorandum and Articles of Association	Recommendations	Proposed Redraft
<b>GENERAL MEETING (ARTICLE 11)</b>		
<p>This provides that if at any meeting no Director is willing to act as Chairman, or if no Director is present <b>within thirty minutes</b> after the time appointed for the holding of the meeting, the members present shall choose one of their numbers to be the Chairman of the meeting.</p>	<p>The provision does not, in our view, fully meet the stipulations of section 240(2) of CAMA.</p> <p><b>Section 240(2) CAMA</b> – If at any meeting no director is willing to act as chairman or if no director is present <b>within one hour</b> after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.</p> <p>We recommend that Article 11 should be amended such that the time within which members are to elect one of their number to act as Chairman is one hour (and not 30 minutes as currently provided) in compliance with the provisions of section 240 of CAMA.</p>	<p>(11) At any meeting where the Board Chairman is absent and where no Director is willing to act as Chairman or if no Director is present <b>within one hour after the time appointed</b> for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.</p>
<b>POWERS AND DUTIES OF DIRECTORS</b>		
<p>Articles 30 - 35 cover the powers and duties of the board of directors.</p>	<p>The Board took the decision at its Board meeting of August 15, 2013 to merge the erstwhile Human Capital Committee and the Financial Committee to constitute the new Finance and General Purpose Committee. The Audit and Risk Committee has also been reconstituted and is now termed the Audit and Risk Management Committee.</p>	<p>35. The Board Committees shall remain as stated below to enable the Board discharge of its functions. The Board is however at liberty to restructure the Board Committees from time to time as it deems expedient:</p> <ul style="list-style-type: none"> <li>a. Finance and General Purpose Committee</li> <li>b. Technical Committee</li> <li>c. Corporate Governance Committee</li> <li>d. Audit and Risk Management Committee</li> </ul>

# Proposed Amendments To The Articles Of Association Of Central Securities Clearing System Plc (Cont'd)

Details of each amendment to the Memorandum and Articles of Association	Recommendations	Proposed Redraft
<p><b>APPOINTMENT OF DIRECTORS (Articles 36 -38)</b></p> <p>There are provisions in the Articles for appointment of directors.</p> <p>Article 36 – A person shall not be appointed as a Director or if appointed a Director, continue to act as a Director unless such a person holds an executive position in a Shareholder and is a person who has been held out by a Shareholder as its representative.</p>	<p>The Articles prescribe the rationale for the appointment of the directors. The provisions of Article 36 was not, however, qualified. The unintended consequence of the provisions is that same provisions may be (mis) interpreted to mean that the appointment of any Director, including the Managing Director and other Executive Directors of CSCS, could be considered invalid unless he/they hold an executive position in a shareholder prior to their appointment at CSCS. We advise that a clear distinction should be made to state that this provision applies to appointment of non-executive directors as originally intended by the Company.</p>	<p>36. A person shall not be appointed as a Director or if a Director, continue to act as a Director unless such person holds an executive position in a Shareholder and or is a person who has been held out by a Shareholder as its representative. Provided always that the provisions of article 36 shall apply to non executive Directors only with the exclusion also of Independent Non-executive Directors.</p>
<p><b>TENURE OF DIRECTORS (ARTICLES 39 - 42)</b></p> <p>The Articles currently provide for a specific tenure for the directors of the CSCS. We note however, that, while the articles clearly specify the maximum tenure of Directors representing Stock broking firms, the same cannot be said of Directors representing banking institutions.</p> <p>Article 40 provides that – Directors representing Banks that hold shares of the Company shall be appointed for a tenure of 3 years and can thereafter seek re-election for a further and final tenure of 3 years. Provided that the banking institution is eligible to sit on the board of directors having taken up at least five percent of the shares of the Company.</p>	<p>Presumably, the intention of article 40 is to limit the tenure of directors representing banking institutions to 2 terms of 3 years. However, the drafting of the article makes it capable of more than one interpretation. For instance, it may be interpreted, albeit mischievously, to be that directors representing Banking Institutions can always seek re-election so long as the tenure at each interval does not exceed 3 years.</p> <p>We recommend that the tenure of Directors representing Banking Institutions should be expressly limited to two terms of three years per representative.</p> <p>Also, the tenure of executive directors should be captured in the instrument appointing them.</p>	<p>40. Directors representing Banks that hold shares of the Company shall be appointed for a tenure of 3 years <b>in the first instance and may thereafter seek re-election for a further and final tenure of 3 years.</b> Provided that the banking institution is eligible to sit on the board of directors having taken up at least five percent five percent of the shares of the Company.</p>



# Proposed Amendments To The Articles Of Association Of Central Securities Clearing System Plc (Cont'd)

Details of each amendment to the Memorandum and Articles of Association	Recommendations	Proposed Redraft
<p><b>CHAIRMAN (ARTICLES 43 - 48)</b></p>		
<p>Article 44 provides that the Chairman of the Board shall serve in such capacity for a term of three years, or until he is removed with or without cause, by the Members (either as Chairman of the Board or as a Director). If the Chairman of the Board dies, resigns, or is removed, the Vice - Chairman for the time being shall be the Chairman.</p> <p>Article 46- The Board shall designate one Director as the vice chairman. The Vice Chairman shall be elected on the same conditions as the Chairman unless the Board determines otherwise.</p> <p>Article 47- If at any meeting the Chairman is not present within thirty minutes after the time appointed for holding the meeting the vice chairman of the Board shall be the chairman of the meeting.</p> <p>Section 240(1) CAMA – The Chairman, if any, of the board of directors shall preside as the chairman of every general meeting of the company, or if there is no such chairman, or if he is not present within one hour after the time appointed for the holding of the meeting or is unwilling to act, the directors present shall elect one of their number to be chairman of the meeting.</p>	<p>Sections 240 (1) and 263(4) of CAMA makes clear provisions relating to what should be done in case the Chairman dies, resigns, is removed or otherwise absent at a meeting. The provisions of the Act in this regard are mandatory and not subject to the provisions of the Articles.</p> <p>It is to be noted that neither the CAMA nor the Code of Corporate Governance for public companies provides for the office of the Vice Chairman. In fact the CAMA provides that if the Chairman is not present (within one hour for general meetings or within five minutes for board meetings) the Directors present shall elect any of their number to be Chairman of the meeting. These provisions are mandatory in nature and do not leave room for variation or departure by the Articles. Any stipulation of the articles which is contrary to the clear provisions of CAMA is void, to the extent of its inconsistency.</p> <p>Therefore, the provision for the office of the Vice Chairman is contrary to the CAMA, and ought to be removed. In our opinion also, the stipulation in the articles that if the Chairman is not present within thirty minutes, the directors shall elect one of their number as Chairman is not in compliance of the strict provisions of CAMA. The time stipulated (thirty minutes) is contrary to the CAMA which provides for one hour, and five minutes in respect of general and board meetings, respectively. We suggest that the provision should be amended such that if the Chairman is not present within</p>	<p>(a) The Board shall designate a Director as the chairman of the Board. The chairman of the Board shall preside at all meetings of the Board and shall have such powers and duties as from time to time may be assigned to him by the Board.</p> <p>(44) The chairman of the Board shall serve in such capacity and for such term as may be determined by the directors or until he resigns, retires or is removed with or without cause, by the Board or the Members (either as chairman of the Board or as a Director). If the chairman of the Board dies, resigns, retires, or is removed, the Directors shall elect one of their number to preside as the Chairman</p> <p>(46) ...Clause deleted...</p> <p>(47) If at any meeting of the board the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may elect any of their number to be the chairman of the meeting</p>





# Proposed Amendments To The Articles Of Association Of Central Securities Clearing System Plc (Cont'd)

Details of each amendment to the Memorandum and Articles of Association	Recommendations	Proposed Redraft
<p><b>CHAIRMAN (ARTICLES 43 - 48)</b></p>	<p>five minutes of the time slated for the meeting of the Directors, the Directors present may elect one of their number as Chairman in compliance with the CAMA.</p> <p>Though statutorily provided for, we appreciate the fact that in reality, certain exigencies may necessitate the extension of this time provision. This could be done subject to the Directors signing a waiver of the stipulated time.</p> <p>The articles should be amended to delete the position of Vice Chairman.</p> <p>Additionally, while section 240 of the Act provides for what that if the chairman is not present within one hour, in the case of a general meeting, the directors may elect one of their number as chairman, section 263 (4) provides that if the chairman is absent in the case of a board meeting, the directors present may elect any of their number as chairman of the meeting. The articles should be amended in complete compliance of the Act.</p>	
<p><b>PROCEEDINGS OF DIRECTORS</b></p>		
<p>At the meeting of 18th, March 2014, the option of directors delegating their powers/duties to committees established by the directors pursuant to the powers granted to the directors under the Articles was considered.</p>	<p>It was discussed that CSCS has restructured, and in other instances, re-named some existing committees. The present committees include the Finance and General Purpose Committee, The Technical Committee, Corporate Governance Committee and the Audit and Risk Management Committee.</p>	<p>50 (j) Establishing various committees for the discharge of its functions but not limited to these committees:</p> <ul style="list-style-type: none"> <li>■ Finance and General Purpose Committee</li> <li>■ Technical Committee</li> <li>■ Corporate Governance Committee</li> <li>■ Audit and Risk Management Committee</li> </ul>





# Proxy Form

## CENTRAL SECURITIES CLEARING SYSTEM PLC (RC 201018 )

20TH ANNUAL GENERAL MEETING TO BE HELD at the ORIENTAL HOTELS, Lekki Epe Expressway, Lagos on Monday May 19<sup>th</sup>, 2014 at 11.00 am.

"I/We\*.....  
(Name of Shareholder in block letters)

the undersigned, being a member/members of the above-named Company hereby appoint the Chairman of the meeting or failing him

..... as my/our Proxy to vote

for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on May 19<sup>th</sup> 2014 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this.....day of.....2014

**NOTES:**

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the Registrar, AFRICA PRUDENTIAL REGISTRARS PLC, 220B IKORODU ROAD, LAGOS, not later than 48 hours before the time for holding the meeting.
2. Where the appointor is a Corporation, this form may be under seal or under the hand of any officer or attorney duly authorised.
3. This proxy will be used only in the event of a poll being directed, or demanded.
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
5. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently ₦500.00) from the Stamp Duties Office, and not adhesive postage stamps.

I/We desire this proxy to be used in favour of/or against the resolution as indicated below.

Resolution	For	Against
1) To receive the audited accounts, Directors', Auditors' and Audit Committee's Reports		
2) To declare dividend		
3) To elect Directors		
4) To authorize Directors to fix the remuneration of Auditors		
5) To elect members of the Statutory Audit Committee		
6) To consider and if approved, to pass special resolution to amend the Company's Articles		

Before posting the above form please tear off this part and retain it for admission to the meeting.

## ADMISSION FORM

## CENTRAL SECURITIES CLEARING SYSTEM PLC (RC 201018)

20TH ANNUAL GENERAL MEETING TO BE HELD at the ORIENTAL HOTELS, Lekki Epe Expressway, Lagos on Monday May 19<sup>th</sup>, 2014 at 11.00 am

Name of Shareholder\*.....

Name of Proxy\*.....

**If you are unable to attend the meeting**

A member (shareholder) entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a member. The above proxy form has been prepared to enable you to exercise your right to vote.

**Important**

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a member of the company or not, with the exception of the Chairman of the Company, who will attend the meeting and vote on your behalf.

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.



# E-dividend Mandate Form

**Africa Prudential Registrars Plc**

RC NO: 649007



## SHAREHOLDER E-SERVICE APPLICATION FORM

(\* = Compulsory fields)

1. \*SURNAME/COMPANY NAME:

2. \*FIRST NAME:

3. OTHER NAME:

4. SPOUSE' NAME:

5. \*MOTHER'S MAIDEN NAME:

6. \*E-MAIL:

7. ALTERNATE E-MAIL:

8. \*MOBILE No.:  9. SEX: MALE  FEMALE

10. PHONE No. (HOME):

11. \*POSTAL ADDRESS:

12. \*CSCS CLEARING HOUSE No.:

13. NAME OF STOCKBROKER:  14. OCCUPATION:

15. NATIONALITY:

16. NEXT OF KIN:

Please tick against the company(ies) where you have shareholding

### CLIENTELE

1. AFRICA PRUDENTIAL REGISTRARS PLC
2. ABBEY BUILDING SOCIETY PLC
3. AFRILAND PROPERTIES PLC
4. A & G INSURANCE PLC
5. ARM PROPERTIES PLC
6. A.R.M LIFE PLC
7. ADAMAWA STATE GOVERNMENT BOND
8. BECO PETROLEUM PRODUCTS PLC
9. BUA GROUP
10. BENUE STATE GOVERNMENT BOND
11. CAP PLC
12. CAPP AND D'ALBERTO PLC
13. CEMENT COY OF NORTHERN NIG. PLC
14. CSCS PLC
15. CHAMPION BREWERIES PLC
16. COMPUTER WAREHOUSE GROUP
17. EBONYI STATE GOVERNMENT BOND
18. GOLDEN CAPITAL PLC
19. INTERNATIONAL BREWERIES PLC
20. INVESTMENT & ALLIED ASSURANCE PLC
21. JAIZ BANK PLC
22. KEBBI STATE GOVERNMENT BOND
23. NEM INSURANCE PLC
24. NEXANS KABLEMETAL NIG. PLC
25. OMOUABI SAVINGS AND LOANS PLC
26. PERSONAL TRUST & SAVINGS LTD
27. P.S MANDRIDES PLC
28. PORTLAND PAINTS & PRODUCTS NIG. PLC
29. PREMIER BREWERIES PLC
30. RESORT SAVINGS & LOANS PLC
31. ROADS NIGERIA PLC
32. SCOA NIGERIA PLC
33. TRANSCORP PLC
34. TOWER BOND
35. THE LA CASERA CORPORATE BOND
36. UAC
37. UBA BALANCED FUND
38. UBA BOND FUND
39. UBA CAPITAL PLC
40. UBA EQUITY FUND
41. UBA MONEY MARKET FUND
42. UNITED BANK FOR AFRICA PLC
43. UNIC
44. UPDC
45. UTC NIGERIA PLC
46. WEST AFRICAN GLASS IND PLC

### E-SHARE REGISTRATION ACTIVATION MANDATE (Please tick the box below )

Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease.

### BANK DETAILS FOR E-DIVIDEND MANDATE

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. \*ACCOUNT NAME:

18. \*BANK ACCOUNT NUMBER:  19. \*BANK:

Must be NUBAN

20. \*AGE OF ACCOUNT:  \*BANK'S AUTHORISED SIGNATURE & STAMP

Must be confirmed by the bank

### DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_  
for joint/corporate accounts only

OTHERS: \_\_\_\_\_

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 01-4606460 | ABUJA: 11, Lafia Close, Area 8, Garki, Abuja. Tel: 09-8701645

PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd floor), Port Harcourt, Rivers State. Tel: 08-4803171

E-MAIL: info@aficaprudentialregistrars.com | WEBSITE: www.aficaprudentialregistrars.com

Africa Prudential Registrars



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