2018

ANNUAL REPORT & ACCOUNT STATEMENTS

AIHN

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

CONTENTS PAGE

CORPORATE INFORMATION

EXECUTIVE COMMITTEE MEMBERS

Mr. Chuka Eseka	President
Mr. Ike Chioke	1st Vice President
Mr. Kayode Akinkugbe	2nd Vice President
Mr. Egie Akpata	Director of Administration
Mr. Samuel Chidioka	Director of Treasury
Mr. Babatunde Obaniyi	Director of Publicity
Mrs. Oyinda Akinyemi	Director of Finance
Mr. Happy Aboiri	Executive Secretary

REGISTERED OFFICE

16, Amodu Ojikutu Street
Off Bishop Oluwole
Victoria Island, Lagos

AUDITORS

SIAO
18B, Olu Holloway Road,
Ikoyi.
Lagos.

BANKERS

First Bank of Nigeria Limited

Executive Secretary,
Mr. Happy Aboiri

FINANCIAL HIGHLIGHTS STATEMENT OF FINANCIAL POSITION

STATEMENT OF INCOME AND EXPENDITURE

	2018 N	2017 N	Absolute Change N	%
ASSETS				
Cash and Cash Equivalents	25,156,979	24,449,938	707,041	3%
Property, Plant & Equipment	845,439	805,912	39,527	5%
Financial Assets	223,505,938	224,572,918	(1,066,980)	0%
Other receivables	10,578,242	10,048,290	529,953	5%
TOTAL ASSETS	260,086,601	259,877,060	209,541	0%
FUND AND LIABILITY: -				
Accumulated Fund	258,031,602	253,445,704	4,585,898	2%
CURRENT LIABILITY -				
Other Payables	2,055,000	6,421,355	(4,366,356)	68%
	260,086,601	259,877,060	209,542	0%

STATEMENT OF INCOME AND EXPENDITURE

	2018 N	2017 N	Absolute Change N	%
INCOME -				
Membership Subscriptions	19,700,000	22,150,000	(2,450,000)	11%
Other Income	34,393,072	31,035,076	3,357,996	11%
	54,093,072	53,185,076	907,996	2%
Expenditure	(49,517,174)	(19,178,831)	(30,338,344)	158%
SURPLUS TRANSFERRED TO ACCUMULATED FUND	4,575,898	34,006,245	(29,430,347)	87%

EXECUTIVE COMMITTEE'S REPORT

The Executive committee has the pleasure of submitting to the members of the Association of Issuing Houses of Nigeria the audited financial statements for the year ended 31st December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Association is to encourage the professional development of its members and provide an engagement platform for Nigerian investment banks.

STATE OF AFFAIRS

In the opinion of the Executive committee, the state of the Association's affairs was satisfactory, and no events have occurred since the statement of financial position date, which would affect the financial statements as presented.

RESULT FOR THE YEAR	12 months 2018 N	2017 N
Total Income	54,093,072	53,185,076
Expenditure	(49,517,174)	(19,178,831)
Surplus for the year	4,575,898	34,006,245

EMPLOYMENT OF PHYSICALLY CHALLENGED

The Association operates a non-discriminating policy in consideration of applications for employment, including those received from physically challenged persons. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Association continues and that appropriate training is arranged. It is the policy of the Association that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees. As at 31st December 2018, the Association had no physically challenged persons in its employment.

EMPLOYEE INVOLVEMENT AND TRAINING

The Association places considerable value on the involvement of its employees in major policy matters and has continued its previous practices of keeping them informed on matters affecting them as employees and various factors affecting the performance of the Association. This is achieved through regular engagements with staff.

DONATIONS AND GIFTS

The Association did not make donations during the year under review.

FORMAT OF FINANCIAL STATEMENTS

The financial statements are presented in accordance with the reporting and presentation requirements of the International Financial Reporting Standards (IFRS). The Executive committee considers that the format adopted is the most suitable for the Association.

INDEPENDENT AUDITORS

Messrs. SIAO (Chartered Accountants) have shown willingness to continue as auditors in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, a resolution will be proposed at the Annual General Meeting to authorize the Executive committee members to determine their remuneration.

SECRETARY

The Association's Executive secretary is Mr. Happy Aboiri

The financial statements set out have been prepared on the going concern basis, were approved by the Executive Committee Members on June 19, 2019 and were signed on its behalf by:

BY ORDER OF THE EXECUTIVE COMMITTEE MEMBERS

Executive Secretary,
Mr. Happy Aboiri

Date: June 28, 2019

STATEMENT OF EXECUTIVE COMMITTEE MEMBER'S RESPONSIBILITIES

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Executive Committee members to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Association at the end of the period and of its statement of income and expenditure. The responsibilities include ensuring that the Association:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Association and comply with the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Executive committee member's accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

The Executive committee members are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association. The Executive committee members further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Executive committee member's to indicate that the Association will not remain a going concern for at least twelve months from the date of these financial statements.

PRESIDENT

TREASURER

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2019 Annual General Meeting ("AGM") of the Association of Issuing Houses of Nigeria is slated to hold as follows:

Date: Thursday, August 1, 2019

Venue: The Civic Centre, Victoria Island, Lagos.

Time: 4.30p.m.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31st December, 2018 together with the reports of the Directors and auditors
2. To re-appoint the Auditors
3. To Authorize the Directors to fix the remuneration of the Auditors
4. Any Other Business

We look forward to your esteemed presence.

Thank you

Yours faithfully,
For: ASSOCIATION OF ISSUING HOUSES OF NIGERIA

AUTHORIZED SIGNATORY

AUTHORIZED SIGNATORY

PRESIDENT'S SPEECH

Distinguished members, invited guests, ladies and gentlemen. It is with great honour and pleasure that I welcome you all to the 2018 Annual General Meeting of the Association of Issuing Houses of Nigeria and to present to you, the Audited Financial Statements for the year ended December 31, 2018.

Global Economy Review

Consolidating on the cyclical upswing that began mid-2016 and drove a 3.8% y/y global growth in 2017, global economic activity continued to expand going into 2018, with a strong 3.9% y/y growth forecast from the IMF, driven by expectations of continued recovery in emerging markets and expected impact of expansionary fiscal policy in the U.S. These expectations of brighter economic prospects however quickly softened as the year progressed and the balance of risks began to tilt towards the downside amid rising protectionist measures such as trade tensions and tighter monetary conditions. These risks rapidly began to materialize across the largest economies, with optimism further subdued by other-country specific factors, thus necessitating a downward revision of global growth estimate to 3.6% y/y by the IMF. Bearing the heat of the trade war with the U.S., China's economic growth reportedly slowed to 6.6%, from 6.8% in 2017. Similarly, the Euro Area GDP rose by 1.9%, much weaker than 2.4% recorded in 2017 amid lower investments and weaker business and consumer confidence levels. On the other hand, the U.S. economy grew at a faster pace of 2.9% (2017: 2.2%) supported by strong domestic demand and stronger fiscal support. Reflecting the economic factors from late-2018, global growth momentum is expected to continue to slow in 2019, with the IMF forecasting 3.2% y/y growth for the global economy.

Nigeria

The Nigerian economy remained on a recovery path in 2018, with growth strengthening to 1.9% from 0.8% in 2017 and negative growth of 1.6% in 2016. Though improving, the economy's post-recession growth remains below potential, printing below analysts' estimates of 2.5%. The sluggish growth remains attributed to the structural weakness of the mono-commodity economy and somewhat weak fiscal stimulus to kickstart stronger growth.

Growth in 2018 was largely driven by a recovery in the manufacturing and services sub-sectors. In line with the cyclical recovery of the broader economy, improvement in macro conditions such as moderation in inflation and stronger foreign exchange liquidity and stability supported an upturn in these two sectors. On the other hand, the Agriculture sector and Oil sector grew at weaker than expected levels driven by intense farmer-herdsmen clashes, which drove Q2 2019 Agriculture GDP to a 30-year low and weaker oil production respectively. Overall, growth momentum in the latter part of the year was however constrained as the shadow of the 2019 elections loomed and fiscal processes took a backseat.

In line with GDP growth, Nigeria also saw an uptick in foreign investments in 2018, amid an improvement in overall economic sentiment. Specifically, total capital importation rose to the highest level since 2014, up 37% y/y to US$16.8Bn. This growth was substantially skewed towards portfolio investments (up 61% y/y and accounting for 70% of total capital imports) as Nigeria's mid-term investment thesis remains quite uncertain.

Though Nigeria continued to enact larger budgets (N9.12Tn) y/y, decision and implementation lags continued to limit the impact of these expansionary budgets for the economy, thus only worsening the financial fragility of the nation. Notably, data from the Budget Implementation Office showed that as at Q3 2018 standalone, capital expenditure was only 27% of the budgeted quarterly target, with debt servicing-revenue ratio for the quarter at 76%.

With the Central Bank of Nigeria (CBN) determined to continue to rein in inflation, monetary conditions remained contractionary in 2018. Though maintaining the policy rate at 14%, the apex bank maintained a tight hold on liquidity conditions through Open Market Operations (OMO). Supported by abating food price pressure and continued exchange rate stability, inflation continued to trend lower through 2018, declining from 15.37% in December 2017 to 11.44% in December 2018.

The CBN also ensured consistent dollar supply at the Importers & Exporters Foreign Exchange market (I&E FX market or NAFEX). Following its introduction in April 2017, the I&E FX market has become the major window for most foreign exchange transactions, given the market-determined nature of the Nigerian Autonomous Foreign Exchange Rate (NAFEX) Fixing. The Naira also remained stable through the year, even as foreign capital flows complemented the CBN's routine market supply.

Gross external reserves ended the year at US$43.11Bn in December 2018, much stronger than the US$38.76Bn as at December 2017. This growth can be attributed to the strong improvement in oil revenues in the year as well as higher capital importation – with the gross external reserves figure rising as high as US$47.86Bn in June 2018. With this, the Naira remained largely stable across most segments of the foreign exchange market, with only a mild depreciation recorded at the NAFEX window (1% depreciation from N361.16/US$ in January 2018 to N364.18/US$ in December 2018).

Though reduced inflationary pressures and stable foreign exchange conditions is expected to continue to support dovish monetary conditions for the rest of 2019, sufficient complimentary fiscal stimulus required to support aggregate demand is unlikely until the final quarter of 2019. While this is expected to keep non-oil sector growth weak, a strong performance from the oil sector (supported by an expected 11% y/y rise in oil production) and a rebound in Agriculture sector is expected to drive stronger GDP growth, forecasted at 2.6% y/y (2018: 2.1%).

The Nigerian capital market started 2018 on a very positive note, with the Nigerian Stock Exchange's All Share Index (NSE ASI) reaching a ten-year peak of 45,092.83 in January. This followed from the upward momentum of the market in 2017. According to CNN, the NSE ASI emerged the best performer in Africa and 3rd best in the world. The positive sentiment on the NSE reversed towards Q2 2018, largely driven by political risks, oil price volatility and rising global yields. At the end of 2018, the NSE ASI closed at 31,430.50 – representing a 17.81% decline from 2017, with the total equities market capitalization closing at N11.73Tn, a 14% drop from 2017's N13.62Tn. With new company listings remaining low in 2018, equity turnover was relatively stable, but marginally declined by 5.45% to N1.20Tn. Similarly, the total value raised in rights issues declined significantly from 340 billion in 2017 to 40 billion in 2018. Turnover velocity slightly increased by 0.91 percentage points to 10.25%, and volumes traded in 2018 grew by 0.96% to N101.43Bn.

Although the CBN maintained policy rate at 14.0% throughout the year, the fixed income market witnessed some level of volatility in 2018. The year witnessed depressed yields in the first half of the year. This was following a 300bps decline in inflation and continuation of the Federal Government's strategy of rebalancing its debt portfolio to increase longer-term foreign borrowings. In line with this strategy, the Debt Management Office (DMO) continued to issue Eurobonds in 2018; a total of US$2.5 billion issued in February on 12-year and 20-year notes, and US$2.86 billion in November 2018 on 12-year and 30-year notes.

In the second half, concerns around 2019 elections resulted in the exit of portfolio investors. In order to ensure exchange rate and price stability, the CBN resumed aggressive liquidity mop up action to prevent speculative position taking on currencies and also increased rates at the Open Market Operation (OMO) window by 350bps with yields inching up to 16.7% (Jan: 15.5%). Increasing inflationary pressures also supported the liquidity mop up activity and the attendant increase in rates. Consequently, OMO sales - c.N16.6Tn exceeded sales at the treasury bills primary market window at N3.4Tn in 2018. Yields on secondary market treasury Bills also rose accordingly with total trade volumes on the FMDQ OTC market settling at N69.1Tn in 2018.

Investor appetite was however weak for bonds, as higher yields on treasury bills during the period weighed in to shift investor focus. Subscription at the bond's primary market auction dipped by 28% to N1.0Tn (2017: N1.5Tn) whilst total sales dipped by 61% y/y to N600Bn (2017: N1.5Tn). The Federal Government was nonetheless able to increase issuance on Sukuks by another N100Bn, in addition to the N100Bn issued in 2017; whilst FGN Savings Bond issuances also increased by N3.55Bn in 2018.

Corporate Bonds witnessed an increased level of activity in 2018, in comparison to 2017. In 2018, a total of six (6) corporates (Union bank of Nigeria Plc, Flour Mills of Nigeria Plc, UACN Property Development Plc, C&I Leasing Plc, Sterling Investment Management Plc and Nigeria Mortgage Refinance Company) raised a total of N88.09Bn (2017: four (4) corporates raised N27.65bn), thus indicating a c.219% rise over 2017.

The Commercial Papers market remained very active throughout the course of 2018. In 2018, the FMDQ OTC Securities Exchange admitted the quotation of a total of sixty commercial papers with a total value of N505.3Bn, across several tenors.

Activities of the Association

In 2018, the Association executed a number of developmental and capacity building initiatives targeted at strengthening the Nigerian capital market; creating an enabling environment for growth and development of our members while supporting regulatory authorities in reaching decisions that will stimulate the market.

The Association has continued to collaborate with the Securities and Exchange Commission on various fronts. It nominated top management members to serve in several SEC committees, some of which are: **The Minimum Operating Standards Requirements for Capital Market Operators; Reconstitution of the Industry-wide Committee to interface with the International Swaps and Derivatives Association (ISDA).** We have also offered useful inputs to a number of capital market driven initiatives of the Commission and contributed our own quota to the **SEC's Financial Literacy Campaign and the Introduction of Capital Market Studies into the Curriculum of Schools.** The Association and the Capital Market Solicitors Association (CMSA) made useful contributions to the following important SEC documents: **Underwriting Agreement; Trust Deed Checklist; Introduction of Cross-Reference List; Minimum Disclosure Requirements for Fixed Income Securities; Exposure of New Rules and Sundry Amendments to the Rules & Regulations of the Commission and The Minimum Standard Requirements for the Operations of Issuing Houses** before final approval.

To ensure greater efficiency of the capital market, we fruitfully engaged our regulators and the government. The Association has been working in partnership with the Nigerian Stock Exchange (NSE) and the Chartered Institute of Stockbrokers (CIS) in order to build a vibrant capital market.

The Association also held its first Annual Dinner and Awards Night which was a resounding success with keynote speech in support of our market development by Mr. Aigboje Aig-Imoukhuede. The high point of the event was the presentation of awards.

Distinguished Service Awards were presented to the Executive Governor of Edo State, His Excellency, Mr. Godwin Obaseki and the Federal Minister of Finance, Ms. Kemi Adeosun while Lifetime Achievement Awards were presented to Otunba Subomi Balogun and Mr. Atedo Peterside respectively. Chapel Hill Denham received the Best Commercial Paper and Best Equity Capital Market Awards while Stanbic IBTC Capital got Awards for the Best Debt Capital Market Transaction and Best Merger and Acquisition Transaction as well.

Finally, the association has also been at the forefront of galvanizing other trade associations to maintain a strong and unified voice on market-wide issues.

Operating Performance

In 2018, the association grew its total income by N2% to N54.09million from N53.19 million in the preceding year. The sum of N19.70million was realized from members' subscription in 2018 compared to N 22.15million in the previous year as fewer members paid their annual dues in the year under review. Total expenditures increased from N19.2million to 49.5million mainly due to Annual Dinner and Sponsorship expenses. N4.6million was transferred to the accumulated fund, thereby increasing our balance sheet to N260million.

Conclusion

I sincerely appreciate the current Executive Committee of the Association of Issuing Houses of Nigeria for the teamwork and drive towards improving the profile of the association. I acknowledge the support of the member houses, the leadership of the Securities and Exchange Commission (SEC), the Nigerian Stock Exchange (NSE), Debt Management Office (DMO), National Pension Commission (PenCom), Bureau for Public Enterprises (BPE), Nigerian Investment Promotion Commission (NIPC), Chartered Institute of Stockbrokers (CIS), SIAO and other stakeholders.

Thank you for listening

Chuka Eseka
President

SIAO

Chartered Accountants)
18b ,Olu Holloway Road, Ikoyi
P.O. Box 55461,Falomo, Ikoyi
Lagos, Nigeria
Tel: 01-4630871-2
Fax: 01-4630870
Website: www.siao-ng.com
E-mail: enquiries@siao-ng.com

INDEPENDENT AUDITORS' OPINION TO THE MEMBERS OF ASSOCIATION OF ISSUING HOUSES NIGERIA

To the Members of ASSOCIATION OF ISSUING HOUSES OF NIGERIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ASSOCIATION OF ISSUING HOUSES OF NIGERIA**, which comprise the statement of financial position as at 31st December, 2018, and the statement of income and expenditure, statement of changes in members' fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Association's financial statements present fairly, in all material respects, the financial position of the Association as at 31st December, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other information

The Executive committee is responsible for the other information. The other information comprises the Executive Committee members' Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Executive committee and Those Charged with Governance for the Financial Statements

The Executive committee is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as Executive committees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Executive committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

SIAO

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

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

- Conclude on the appropriateness of Executive committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report However, future events or conditions may cause the Association to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Council of Nigeria Act 2011 and the Companies and Allied Matters Act, Cap C20, laws of the Federation of Nigeria 2004, we confirm:

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

SIAO

II. The Association has kept proper books of account, so far as it appears from our examination of those books.

III. The Association's statement of financial position and the statement of income and expenditure are in agreement with the books of account and returns

Ansa Joshua, FCA
FRC/2013/ICAN/00000001728

SIAO
(Chartered Accountants)
Lagos, Nigeria

Date: 3rd July, 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0991616

STATEMENT OF FINANCIAL POSITION

	Note	2018 N	2017 N
ASSETS			
NON CURRENT ASSET			
Property, Plant & Equipment	7	8 45,439	805,912
TOTAL NON CURRENT ASSET		8 45,439	805,912
CURRENT ASSETS			
Cash and Cash Equivalents	6	25,156,979	24,449,938
FINANCIAL ASSETS:			
At amortized cost	8	23,505,938	224,572,920
Other receivables	9	10,578,242	10,048,290
TOTAL CURRENT ASSETS		259,241,159	259,071,148
TOTAL ASSETS		260,086,601	259,877,060
EQUITY AND LIABILITY:			
EQUITY			
Accumulated Fund	11	258,031,602	253,455,704
TOTAL EQUITY		258,031,602	253,455,704
CURRENT LIABILITY			
Trade and Other Payables	10	2,055,000	6,421,355
TOTAL CURRENT LIABILITY		2,055,000	6,421,355
TOTAL EQUITY AND LIABILITY		260,086,601	259,877,060

These financial statements were approved by the Executive Committee on June 19, 2019. and signed on its behalf by:

President

Treasurer

The accounting policies on pages 19 to 29 and the notes on pages 29 to 43 form integral parts

STATEMENT OF INCOME AND EXPENDITURE

	Note	31st Dec 2018 N	31st Dec 2017 N
INCOME			
Membership Subscriptions	12	19,700,000	22,150,000
Other Income	13	34,393,072	31,035,076
		54,093,072	53,185,076
Expenditure	14	49,517,174	(19,178,831.00)
SURPLUS FOR THE YEAR		4,575,898	34,006,245

STATEMENT OF CASHFLOW

	NOTES	31st Dec 2018 N	31st Dec 2017 N
Cash Flow from Operating Activities			
Subscription income	12	19,700,000	22,150,000
Interest - Fixed Deposit	13	30,228,093	30,405,076
Other Income	13	4,164,979	630,000
Expenditures Financing	14	(49,517,174)	(19,178,831)
Operating Surplus before Changes in Operating Assets/Liabilities		4,575,898	34,006,245
Add Depreciation	7	253,473	738,704
Changes in Operating Assets/Liabilities			
(Increase)/Decrease in Receivables	9	(529,953)	397,167
(Decrease) in Payables	10	(4,366,358)	(410,717)
Net Cash Flow from Operating Activities		(66,940)	34,731,399
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipment	7	(293,000)	(655,400)
Net Cash Flow from Investing Activities		(293,000)	655,400
Cash Flow from Financing Activities - -			
Net (Increase/Decrease) in Cash and Cash Equivalents		(359,940)	34,076,00
Cash and Cash Equivalents at the Beginning of the Year		100,534,400	66,458,400
Cash and Cash Equivalents at the End of the Year		100,174,460	100,534,400
Comprises of:			
Cash and Cash Equivalents		100,174,460	100,534,400
Comprises of:			
Cash and Cash Equivalents	6	25,156,979	24,449,938
At amortized cost	8.1	75,017,482	76,084,462
		100,174,460	100,534,400

The accounting policies on pages 19 to 29 and the notes on pages 29 to 43 form integral parts of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

	Accumulated Fund N	Total N
Balance as at 1st January 2018	253,455,704	253,455,704
Surplus for the Year	4,575,898	4,575,898
Balance as at 31st December 2018	258,031,602	258,031,602
Balance as at 1st January 2017	219,449,459	219,449,459
Surplus for the Year	34,006,245	34,006,245
Balance as at 31st December 2017	253,455,704	253,455,704

The accounting policies on pages 19 to 29 and the notes on pages 29 to 43 form integral parts of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Association of Issuing Houses of Nigeria is registered as an incorporated trustee under Part C of the companies and Allied Matters Act, CAP C20 LFN 2004. The Association consists of financial companies in Nigeria licensed to operate as Issuing houses by the Securities and Exchange Commission. The principal activities of the association are to set professional and ethical standards, to enable professional development of its member issuing houses and promote free interplay of market forces.

2 Principal Activities

The principal activity of the Association is to encourage the professional development of its members and provide an engagement platform for Nigerian investment banks.

3 Summary of significant accounting policies

3.1 Introduction to summary of accounting policies

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

3.2 Basis of preparation

The financial statements of Association of Issuing Houses of Nigeria have been prepared in accordance with International Financial Reporting Standards (IFRS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Use of Judgement and Estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Executive committee to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Notes. Although these estimates are based on Executive committee's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The financial statements are presented in Naira, which is the Association's presentational currency. The disclosures on risks from financial instruments are presented in the financial risk management report contained in Note 16.

3.3 Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (NGN), which is the Association's functional and presentation currency.

(ii) Transactions and balances in the Association

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

3.4 Revenue recognition

The Association recognizes revenue when the amount of revenue can be reliably measured, it is probable that future benefits will flow to the entity and when specific criteria have been met for each of the Association's activities as described below:

Revenue

Incomes from members are accounted for currently on cash basis and not in the period to which they relate as the Association does not carry Subscription Receivables in the accounts.

Interest income

This is accounted for on accrual basis.

3.5 Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	%
Office Equipment	20
Motor Vehicle	20
Furniture & Fittings	20
Plant and Machinery	20

Where the cost of a part of an item of property, plant and equipment is significant when compared to the total cost, that part is depreciated separately based on the pattern which reflects how economic benefits are consumed. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance reporting date. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss.

De-recognition:

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized in the statement of comprehensive income under"other gains and losses.

3.6 Impairment of non-financial assets

All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less cost of disposal and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are classified into cash generating units based on separately identifiable and largely independent cash inflows.

3.7 Financial assets

3.7.1 Recognition and measurement

IFRS 9 - Financial instruments

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortized cost. Financial assets will be measured at amortized cost if they are held within a business model with the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Association has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets.

Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages.

Entities are required to recognize a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognize lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Association has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

Hedge Accounting

The hedge accounting requirements in IFR S 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains on the risk exposures they hedge. The application of the hedge accounting requirements in IFRS 9 is optional and can only be applied when certain eligibility and qualification criteria are met. A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

1. The hedging relationship consists only of eligible hedging instruments and eligible hedged items;

2. At inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; and

3. The hedging relationship meets all of the hedge effectiveness requirements Hedge accounting allows an entity to reflect its risk management activities in the financial statements by matching gains or losses on hedging instruments (e.g. derivatives) with losses or gains on the risk exposures they hedge (e.g. foreign currency sales).

Further amendments to IFRS 9 (Effective 2019) covers prepayment features with negative compensation and modifications of financial liabilities. The amendment permits more assets to be measured at amortized cost than under the previous version of IFRS 9, in particular some prepayable financial assets with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

However, to qualify for amortized cost measurement, the negative compensation must be reasonable compensation for early termination of the contract. The amendment also clarifies that when a financial liability measured at amortized cost is modified without this resulting to a derecognition, a gain or loss should be recognized in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

The Association has fully adopted IFRS 9 in the preparation of this financial statement

IMPACT ANALYSIS - ADOPTION OF IFRS 9 'FINANCIAL INSTRUMENTS'

The Association adopted IFRS 9 from January 1, 2018 using the full retrospective approach of adoption and comparatives have been restated.

The investment classifications Available-for sale financial assets and Held-to-Maturity investments are no longer used and financial assets at Fair Value through Other Comprehensive Income was introduced. The Association had investments held in these categories as at December 31, 2018. However, there is no gap in the current classification and measurement of the financial assets and liabilities. This is because Available-for- sale financial assets under IAS 39 were measured at amortized cost in IFRS 9 and Held- to- Maturity was measured at Amortized Costs under IFRS 9.

The impact of IFRS 9 on the statement of financial position for the association as at December 31, 2018 is as follows:

ASSETS	Sub-note	Balance as at December 31, 2017	Adjustment		ECL	Balance as at January 1, 2018
		Audited	Remeasurement	Reclassification		Restated
Cash and cash equivalents		25,156,979	-	-		25,156,979
Financial assets						
- At fair value through profit or loss			-	-	-	0
- At fair value through Other Comprehensive Income	II	-	-		-	0
- Held - to -Maturity	III	148,488,456	(148,488,456)		-	
- Available- for- Sale	I	75,017,482	(75,017,482)		-	
- At Amortized Cost	IV	-	-	223,505,938	0	223,505,938
Trade receivables			-	-	-	0
Prepayments and other receivables		10,578,242	-	-	-	10,578,242
Property, plant and equipment		845,439	-	-	-	845,439
Total assets		260,086,601	(223,505,938)	223,505,938	0	260,086,601
Liabilities						
Other payables		2,055,000	-	-		2,055,000
Total liabilities		2,055,000	-	-		2,055,000
EQUITY						
Accumulated fund		258,031,602	0	-		258,031,602
		258,031,602	0	-		258,031,602
Total equity		258,031,602	0	-		258,031,602
Total liabilites and equity		260,086,601	0	-		260,086,601

The impact of IFRS 9 on the statement of financial position for the Company as at December 31, 2017 is as follows:

ASSETS	Sub-note	December 31, 2016	Adjustment		ECL	Balance as at January 1, 2017
		Audited	Remeasurement	Reclassification		Restated
Cash and cash equivalents		24,449,938		-		24,449,938
Financial assets						
- At fair value through profit or loss						0
- At fair value through Other Comprehensive Income	II	-				0
- Held - to -Maturity	III	148,488,458		(148,488,458)		
- Available- for- Sale	I	76,084,462		(76,084,462)		
- At Amortized Cost	IV	-		224,572,920		224,572,920
Trade receivables				-		0
Prepayments and other receivables		10,048,290		-		10,048,290
Property, plant and equipment		805,912		-		805,912
Total assets		259,877,060	-	-	0	259,877,060
Liabilities						
Trade payables			-	-	-	0
Other payables		6,421,355	-	-	-	6,421,355
Total liabilities		6,421,355	-	-	-	6,421,355
EQUITY						
Accumulated fund		253,455,704	-	-	0	253,455,704
Total equity		253,455,704	-	-	0	253,455,704
Total liabilites and equity		259,877,060	-	-	0	259,877,060

Key impact analysis of IFRS 9 on the financial position as at December 31, 2017 & 2018:

I	Available-for-sale financial assets	Association
	Balance as per 2017 audited financial statements	76,084,462
	Reclassification to financial asset at amortized cost	(76,084,462)
	-Impact on Equity	
-II	Held to maturity	Association
	Balance as per 2017 audited financial statements	148,488,458
	Reclassification to financial assets at amortized cost	148,488,458
	Impact on Equity	-
III	Held-to-maturity financial assets	Association
	Balance as per 2018 audited financial statements	148,488,456
	Reclassification to financial asset at amortised cost	(148,488,456)
	-Impact on Equity	-
IV	At amortised cost financial assets	Association
	Balance as per 2018 audited financial statements	75,017,482
	Reclassification to financial asset at amortized cost.	75,017,482
	Impact on Equity	-

3.7.2 Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Association assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Association takes into consideration the following factors

1. The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.

2. How the performance of assets in a portfolio is evaluated and reported to Association heads and other key decision makers within the Association's business lines;

3. The risks that affect the performance of assets held within a business model and how those risks are managed;

4. How compensation is determined for the Association's business lines' management that manages the assets;

5. The frequency and volume of sales in prior periods and expectations about future sales activity.

Executive committee determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

(a) Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;

(b) Business Model 2 (Bm2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

c) Business Model 3 (Bm3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes. The Association may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

(I) Where these sales are infrequent even if significant in value; A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

The Association may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

(a) Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

(b) When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets have a tenor to maturity of not more than one (1) year and/or the remaining contractual cash flows expected from the financial asset do not exceed the cash flows from the sales by ten (10) per cent.

Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

ii. Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
iii. Selling the financial asset to manage credit concentration risk (infrequent)
iv. Selling the financial assets as a result of changes in tax laws (infrequent).
v. Other situations also depend upon the facts and circumstances which need to be judged by the management.

The business model adopted by the association is Bm1

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic investment arrangement. Contractual cash flows are consistent with a basic deposit arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI). Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Financial assets measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest.

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI).

c) Financial assets measured at FVTPL Financial assets measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Income.

d) Equity Instruments

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized in the Statement of Income. The Company can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Statement of Income. Dividends received are recorded in Interest income in the Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

(a) Amortized cost
(b) Fair Value through Profit or Loss (FVTPL

e) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial assets are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduce an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which are recognized in OCI.

Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon derecognition/ extinguishment of the liabilities.

f) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Association changes its business model for managing financial assets. A change in the Association's business model will occur only when the Association either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category

- Disposal of a business line i.e. Disposal of a business segment
  Any other reason that might warrant a change in the Association's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

(a) A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

(b) A temporary disappearance of a particular market for financial assets.

When reclassification occurs, the Association reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model.

Impairment of Financial Assets

In line with IFRS 9, the Association assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets; and
- Debt securities classified as at FVOCI;

  Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

Write-off

The Association writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible
- Recovery cost is expected to be higher than the outstanding debt;
- Amount obtained from realization of credit collateral security leaves a balance of the debt; or
- It is reasonably determined that no further recovery on the facility is possible

- **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

3.7.3 Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost .They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Trade receivables consist primarily of amounts due to the Association from normal business activities. Trade receivables are measured at fair value at the date of trade plus directly attributable transaction costs on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Other receivables may be financial assets or non-financial assets. Financial assets are categorized as loans and receivables and are initially measured at fair value and subsequently measured at amortized cost. Non-financial assets are measured in respective to their respective applicable standards. During the year under review, there were no trade receivables.

3.7.4 Trade and other Payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost. Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost. Others are measured in respect to their applicable standards. During the year under review , there were no trade payables.

3.8 Current and deferred income tax

Income tax expense is the aggregate of the charge to the income statement in respect of current and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. Education tax is provided at 2% of assessable profits of companies operating within Nigeria.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Association is a non-profit making organization which qualifies it for income tax exemption under section 23 (1) (I) of CITA CAP C21 LFN 2004.

3.9 Statement of Cash flows

The Statement of Cash Flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing the statement.

4.0 AMENDMENTS TO EXISTING STANDARDS

Amendments to IAS 28 titled Measuring an Associate or Joint Venture at Fair Value

Annual Improvements to IFRS Standards 2014-2016 Cycle The amendments – mandatory for annual periods beginning on or after 1 January 2018 – clarify that the election to measure at fair value through profit or loss an investment in an associate or joint venture that is held by an entity that is a venture capital organization, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The impact is immaterial.

Amendments to IAS 40 titled Transfers of Investment Property

The amendments – mandatory for annual periods beginning on or after 1 January 2018- clarify that transfers to, or from investment properties (including assets under construction and development) should be made when, and only when, there is evidence that a change in use of property has occurred. The impact is immaterial.

Amendments to IFRS 1 titled Deletion of Short – term Exemptions for First -time Adopters

Annual Improvements to IFRS Standards 2014-2016 Cycle The amendments – mandatory for annual periods beginning on or after 1 January 2018-delete short term exemptions covering transition provisions that were available to entities for past reporting periods and are therefore no longer applicable. The impact is immaterial.

Amendments to IFRS 2 titled Classification and Measuring of Share–based payment transactions

The amendments – mandatory for annual periods beginning on or after 1 January 2018- clarify the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments (SBP), the accounting for SBP transactions with a net settlement feature for withholding tax obligations, and the effect of a modification to the terms and conditions of a SBP that changes the classification of the transaction from cash – settled to equity – settled. The impact is immaterial.

Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The Amendments – applicable to annual periods beginning on or after 1 January 2018 – give all insurers the option to recognize in order comprehensive income, rather than in profit or loss, the volatility that could arise when IFRS 9 is applied before implementing IFRS 17 ('the overlay approach'). Also, entities whose activities are predominantly connected with insurance are given an optional temporary exemption (until 2021) from applying IFRS 9, thus continuing to apply IAS 39 instead ('the deferral approach'). The impact is immaterial.

NEW INTERPRETATIONS
New Accounting Standards and Interpretations not yet mandatory or early adopted Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 31 December 2018. The assessment is done below;

5 New Standards and Interpretations

5.1 Standards and interpretations effective and adopted in the current year
In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

5.2 Standards and interpretations not yet effective
The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2019	Unlikely there will be a material impact
• Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• Uncertainty over Income Tax Treatments	01 January 2019	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycles
An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after 01 January 2018. No material effect on the financials

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle
The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after 01 January 2018.
No material effect on the financials.

Transfers of Investment Property: Amendments to IAS 40
The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in Executive committee's intentions for use of the property, do not, in isolation, provide evidence of a Change in use.

The effective date of the amendment is for years beginning on or after 01 January 2018.
No material effect on the financials.

Foreign Currency Transactions and Advance Consideration
The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognized. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 01 January 2018.
No material effect on the financials.

Amendments to IFRS 4: Insurance Contracts
The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments for annual periods beginning before 1 January 2021. The exemption is only available provided the insurer has not previously applied any version of IFRS 9 (with some exceptions) and that the activities are predominantly connected with insurance.

A further exemption has been provided from IAS 28 Investments in Associates and Joint Ventures. In terms of the exemption, an insurer is exempt from applying uniform accounting policies when applying the equity method, insofar as the IAS 39/IFRS 9 exemption is applied. Thus, the relevant accounting policies of the associate or joint venture are retained if the entity applies thel FRS9/IAS 39 exemption and the associate or joint venture does not apply the exemption, or visa versa. The amendment further permits, but does not require, insurers to apply the "overlay approach" to designated financial assets when it first applies IFRS 9. The overlay approach requires the entity to reclassify between profit or loss and other comprehensive income, an amount which results in the profit or loss of the designated financial assets at the end of the reporting period being equal to what it would have been had IAS 39 been applied to the designated financial assets.

The effective date of the amendment is for years beginning on or after 01 January 2018.
No material effect on the financials.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The

exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021. The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2018.
Effect of IFRS 9 is shown on page 20.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions.
The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other nonvesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions. The amendment further provides guidance in terms of modifications which convert cash-settled share based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognized on the modification date. Any difference between the two is recognized immediately in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2018.
No Material effect on the financials.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
The amendment provides clarification and further guidance regarding certain issues in IFRS 15.
These items include guidance in assessing whether promises to transfer goods or services areseparately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.
No material effects on the financials.

IFRS 9 Financial Instruments
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments:

Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 reqiures an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

Effect is shown in the financials on pages 19 & 20.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity statisfies a performance obligation

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018
No material effect on the financials.

NOTES TO THE FINANCIAL STATEMENTS

	2018 N	2017 N
6 Cash and Cash Equivalents		
First Bank of Nigeria (Naira Account)	13,005,777	3,313,660
First Bank of Nigeria - Call Account	12,151,202	309,521
Placements with Banks	-	20,826,757
	25,156,979 2	4,449,938

7 Property Plant & Equipment

	FURNITURE & FITTINGS N	OFFICE EQUIPMENT N	MOTOR VEHICLES N	PLANT & MACHINERY N	TOTAL N
COST					
At 1 January 2018	7,757,320	2,064,263	3,426,000	156,020	13,403,603
Additions	-	293,000	-	-	293,000
At 31 December 2018	7,757,320	2,357,263 3	,426,000	156,020	13,696,603
DEPRECIATION					
At 1 January 2018	7,514,720	1,896,437	3,047,167	1 39,367	12,597,691
Charge for the Year	57,080	59,917	119,833	16,643	253,473
At 31 December 2018	7,571,800	1,956,354	3,167,000	156,010	12,851,164
Net Book Value					
At 31 December 2018	185,520	400,909	259,000	10 84	5,439
At 31 Dec. 2017	242,600	167,826	378,833	16,653	805,912

	2018	2017
	N	N
8 Financial Assets At Amortized cost		
Treasury Bills	75,017,482	76,084,462
FGN Bonds	148,488,456	148,488,458
	223,505,938	224,572,920
8.1 Treasury Bills		
Tbills - Dunn Loren	40,826,757	
Tbills - Dunn Loren2	-	41,893,737
Tbills - Dunn Loren3	-	6,000,000
CitiHoms - Treasury bills	10,000.000	10,000,000
Union Nominees - Treasury Bills	16,000,000	10,000,000
FGN Treasury Bills (FBN)	8,190,725	8,190,725
	75,017,482	76,084,462
8.2 FGN Bond	148,488,456	148,488,458
9 Other Receivables		
Other receivables(9.1)	10,578,242	10,048,290
	10,578,242	10,048,290
9.1 Other receivables		
Staff loan	462,500	-
Accrued Income	8,315,742	8,248,289
Prepayments (9.2)	1,800,000	1,800,001
	10,578,242	10,048,290
9.2 Prepayment		
Opening Balance	1,800,000	1,800,000
Additions	2,760,000	2,760,000
Amortization	(2,760,000)	(2,760,000)
	1,800,000	1,800,000

*Prepayment relates to the rent allowance given to members of staff during the financial year.

	2018 N	2017 N
10 Trade and Other Payables		
Other Paybles:		
Deferred income - Interest on Investments	-	2,965,583
Deferred income - Members Subscription (**Note 10.1**)	-	500,000
Due to Joint committee SEC/AIHN	-	232,072
	-	-
Provision for Accounting fee	525,000	525,000
Provision for Audit fee	1,260,000	1,200,000
With Holding Tax payable	90,000	570,000
Other Paybles	180,000	428,700
	2,055,000	6,421,355
10.1 FBN Quest Capital Limited	-	500,000
	-	500,000
11 Accumulated Fund		
As at 1 January	253,455,704	219,449,459
Surplus for the year	4,575,898	34,006,245
As at 31 December	258,031,602	253,455,704

		12 months 2018 N	2017 N
12	**Members' Subscriptions**		
	Subscription Income from members (12.1)	19,700,000	22,150,000
12.1	AIHN Members subscription		
	Afrinvest (West Africa) Ltd	500,000	500,000
	Alpha Morgan Capital Advisory Partners Ltd	600,000	-
	ARM Securities Limited	500,000	600,000
	Barclays Securities Nigeria Ltd	500,000	600,000
	Blackbit Limited	500,000	600,000
	Boston Advisory Limited	1,000,000	-
	Capital Bancorp Plc	500,000	500,000
	Cardinalstone Partners limited	1,000,000	
	Chapel Hill Denham Advisory Ltd	500,000	500,000
	CitiGroup Global Markets Nigeria Ltd	-	350,000
	Coronation Securities Ltd	-	1,350,000
	Coronation Merchant Bank Ltd	500,000	500,000
	Cordros Capital Limited	500,000	600,000
	Diamond Capital & Financial Mkts Ltd	500,000	500,000
	Dunn Loren Merrifield Advisory Partners Ltd	1,000,000	500,000
	Ecobank Development Company Ltd	500,000	500,000
	Elixir Capital Limited	-	600,000
	FBNQuest Capital Limited	500,000	500,000
	FBNQuest Merchant Bank Ltd	500,000	500,000
	FCMB Capital Markets Ltd	500,000	500,000
	Federal Mortgage Bank of Nigeria	-	250,000
	FSL Securities Ltd	500,000	500,000
	First Ally Capital Limited	500,000	500,000
	Greenwich Trust Limited	500,000	500,000
	Interstate Securities Limited	500,000	500,000
	Investment One Financial Services Ltd	500,000	1,000,000
	Lead Capital Plc	-	500,000
	Lotus Financial Services Limited	500,000	600,000
	MBC Capital Ltd	500,000	500,000
	Meristem Capital Limited	600,000	-
	NSL Capital Partners Limited	500,000	500,000
	Planet Capital Ltd	-	500,000
	Rand Merchant Bank Nigeria Ltd	500,000	500,000
	Renaissance Securities Nigeria Ltd	-	500,000
	SFS Financial Services Ltd	500,000	500,000
	Stanbic IBTC Capital Ltd	500,000	1,000,000
	Standard Chartered Securities Nigeria Ltd	500,000	500,000
	SCM Capital Ltd	500,000	500,000
	The Infrastructure Bank	500,000	500,000
	Union Capital Markets Ltd	500,000	600,000
	United Capital PLC	500,000	1,000,000
	Vetiva Capital Management Ltd	500,000	500,000
	Zenith Capital Limited	500,000	500,000
		19,700,000	22,150,000

Membership subscription are accounted for on the basis of actual subscription received during the period

		12 months 2018 N	2017 N
13	**Other Income**		
	Investment income	30,228,093	30,405,076
	Advert Income	650,000	
	Other Income	3,439,979	630,000
	Rental income	75,000	
		34,393,072	31,035,076
14	**Expenditure**		
	Annual Dinner	22,533,879	-
	Annual General Meeting Expenses	2,336,325	1,632,325
	Audit Fee	1,785,000	1,260,000
	Bank Charges	102,716	38,474
	Computer Expenses	266,600	312,450
	Depreciation	253,473	738,704
	Despatch Expenses	75,507	49,174
	Gift	135,000	115,000
	Insurance	33,194	31,097
	Meeting and Seminar Expenses	526,755	1,120,900
	Miscellaneous	5,300	7,550
	Office Running Expenses	556,500	419,450
	Printing	77,000	119,000
	Registration Expense	528,290	105,000
	Rent	1,800,001	1,260,000
	Sponsorship	7,500,000	-
	Professional Fee	-	525,000
	Service Charge	90,000	
	Travelling Expenses	-	2,589,946
	Utilities (Diesel and Lightening)	394,898	406,151
	Vehicle Running Expenses	2,410,188	621,610
	Wages and Salaries (Note 15)	7,969,799	7,827,000
	Staff Welfare	100,000	-
	Repair and maintenance	36,750	-
		49,517,174	19,178,831

	31 December 2018 N'000	31 December 2017 N'000

15 STAFF COSTS

Salary and wages	7,969,799	7,827,000

The table below shows the numbers of direct employees of AIHN other than employees who discharged their duties wholly or mainly in Nigeria, who earned over N250,000 in the year and which fell within the bands stated:

N		N	31 Dec 2018 [Number]	31 Dec 2017 [Number]
300,001	-	**1,000,000**	**2**	**2**
1,000,001	-	2,000,000	-	-
2,000,001	-	3,000,000	-	-
3,000,001	-	4,000,000	-	-
4,000,001	-	5,000,000	-	-
5,000,001	-	above	1	1
			3	3

16 FINANCIAL RISK MANAGEMENT

The Association has exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

This note presents information about the Association's exposure to each of the above risks, the Association's objectives, policies and processes for measuring and managing risk, and the Association's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management Framework

The Executive Committee has overall responsibility for the establishment and oversight of the Association's risk management framework.

The Association's risk management policies are established to identify and analyse the risks faced by the Association's, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the Executive Management to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

16(I) Credit Risk

Credit risk is the risk of financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Association's receivables from clients and other related parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31/12/2018	31/12/2017
Trade and other receivables	10,578,242	10,048,290
Cash and cash equivalents	25,156,979	24,449,938
	35,735,221	34,498,228

17 FINANCIAL RISK MANAGEMENT

Cash and Cash equivalents

The cash and cash equivalents held as at 31 December 2018 was 25,156,979 (2017: N24,449,938). The cash and cash equivalents are held by banks and financial institutions in Nigeria.

17(ii) Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Association's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

The Association has a clear focus on ensuring sufficient access to capital to finance growth.

Typically, the credit terms with clients are more favourable compared to payment terms to

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Non-Derivative Financial Liabilities:

	Carrying amount	Contractual cash flows	1 - Within 1 year	2 - 2years	5 - 10 5years years
31 December 2018					
Trade and other payables	2,055,000	2,055,000	2,055,000	-	-
	2,055,000	2,055,000	2,055,000	-	-
31 December 2017					
Trade and other payables	2,055,000	2,055,000	2,055,000	-	-
	2,055,000	2,055,000	2,055,000	-	-

17(iii) Market risk

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

The Association manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Association aims to reduce the impact of short-term fluctuations on earnings. Although the Association has various measures to mitigate exposure to foreign exchange rate movement over the longer term, the gains/losses on foreign exchange balances impact on the income statement. The Association monitors the movement in the currency rates on an on-going basis.

18 Capital Commitments

There are no material commitments for capital expenditure not provided for in these financial

19 Events After Reporting Date

No events or transactions have occurred since after the reporting date, which would have a material effect upon the financial statements at that date or which need to be mentioned in the financial statements in order not to make them misleading as to the financial position or result of operations at the reporting date.

20 Contingent Liability

No contingent liabilities in respect of the year under review.

21 Approval of Financial Statements

The Financial Statements were approved by the Executive Committee Members on June 19, 2019.

STATEMENT OF VALUE ADDED

	2018		2017	
GROSS INCOME - Members Subscriptions	19,700,000 2		2,150,000	
Less: Cost of Goods and Services				
Local	(41,293,902)		(10,613,127)	
Value Added from Operations	**(21,593,902)**		**11,536,873**	
Other Income	34,393,072		31,035,076	
Value Added	12,799,169	100	42,571,949	100
Distributed as follows:				
Employees				
Salaries	7,969,799	62	7,827,000	18
Provided for Asset Replacement				
Depreciation	253,473	2	738,704	2
Surplus	4,575,898	36	34,006,245	80
Value Added	12,799,169	100	42,571,949	100

Value added represents the additional wealth the Association has been able to create by its own and direct public support. This statement shows the allocation of the wealth between employees shareholders, government and that retained for the future creation of more wealth.

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

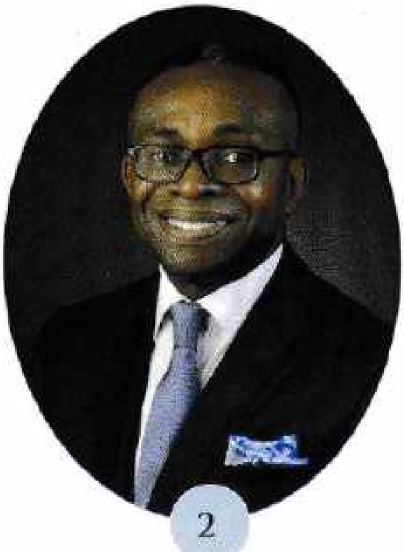
	IFRS 2018 N	IFRS 2017 N	IFRS 2016 N	IFRS 2015 N	NGAAP 2014 N
ASSETS					
Cash and Cash Equivalent	25,156,979	24,449,938	43,073,376	165,239,879	8,250,871
Property, Plant & Equipment	845,439	805,912	889,216	1,545,926	2,333,713
Financial Assets	223,505,938	224,572,920	171,873,481	28,566,016	167,100,000
Other receivables	10,578,242	10,048,290	10,445,458	2,964,630	2,551,770
TOTAL ASSETS	260,086,601	259,877,060	226,281,531	198,316,451	180,236,354
FUND AND LIABILITY:					
Accumulated Fund	258,031,602	253,175,704	219,449,459	195,751,408	176,914,534
CURRENT LIABILITY					
Other Payables	2,055,000	6,701,355	6 ,832,072	2,565,043	3,321,820
	260,086,601	259,877,060	226,281,531	198,316,451	180,236,354

STATEMENT OF PROFIT OR LOSS

Income	54,093,072	53,185,076	4 4,121,159	38,344,696	35,345,094
Expenditure	49,517,174	19,178,831	20,563,779	24,901,144	24,462,964
Surplus	4,575,898	34,006,245	23,557,379	13,443,552	10,882,131

EXECUTIVE COMMITTEE MEMBERS

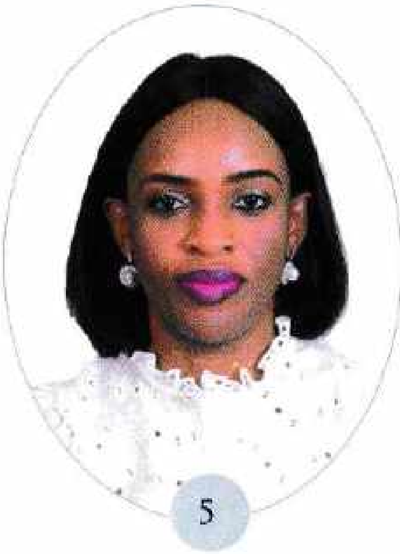
1



2

3

4



5

6

7

1. MR. CHUKA ESEKA
   Vetiva Capital Mgt. Ltd. *(President)*
2. MR. IKE CHIOKE
   Afrinvest West Africa Ltd. *(1st Vice President)*
3. MR. KAYODE AKINKUGBE
   FBNQuest Merchant Bank Ltd. *(2nd vice President)*
4. MR. BABATUNDE OBANIYI
   United Capital Plc. *(Director of Publicity)*
5. MRS. OYINDA AKINYEMI
   Stanbic IBTC Capital *(Director of Finance)*
6. MR. SAMUEL CHIDOKA
   KAIROS CAPITAL LTD. *(Director of Treasury)*
7. MR. EGIE AKPATA
   Union Capital Mgts. Ltd. *(Director of Administration)*