AIHN

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

2021 ANNUAL REPORT

& STATEMENT OF ACCOUNTS

CONTENT

ASSOCIATION'S INFORMATION

EXECUTIVE COMMITTEE

Mr. Ike Chioke	President
Mr. Kayode Akinkugbe	Vice President
Mr. Egie Akpata	Secretary of Administration
Mr. Abimbola Kasim	Secretary of Treasury
Mr. Suru Daniels	Secretary of Publicity
Ms. Amaka Nsofor	Secretary of Finance

REGISTERED OFFICE

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

AUDITORS

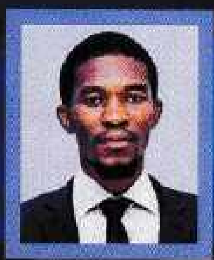
SIAO (Chartered Accountants)
18B, Olu Holloway Road, Ikoyi.
Lagos.

BANKERS

Access Bank PLC
First Bank of Nigeria Limited

EXECUTIVE SECRETARY

Mr. Wakeel Olawale



FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION

	2021 ₦	2020 ₦	Change ₦	Change %
ASSETS				
Cash and Cash Equivalents	145,949,262	134,123,842	11,825,420	9%
Property, Plant & Equipment	558,935	885,795	(326,860)	-37%
Financial Assets	206,242,143	180,451,911	25,790,233	14%
Other receivables	8,303,487	9,286,759	(983,272)	-11%
TOTAL ASSETS	**361,053,828**	**324,748,307**	**36,305,521**	
FUND AND LIABILITY:				
Accumulated Fund	358,783,783	322,447,149	36,336,634	11%
CURRENT LIABILITY				
Other Payables	2,270,045	2,301,158	(31,113)	-1%
	361,053,828	**324,748,307**	**36,305,521**	

STATEMENT OF INCOME AND EXPENDITURE

	2021 ₦	2020 ₦	Change ₦	Change %
INCOME				
Membership Subscriptions	22,500,000	25,000,000	(2,500,000)	10%
Other Income	42,248,169	24,922,236	17,325,933	70%
	64,748,169	**49,922,236**	**14,825,933**	
Expenditure	(28,411,536)	(25,277,851)	(3,133,685)	12%
SURPLUS TRANSFERRED TO ACCUMULATED FUND	**36,336,634**	**24,644,386**	**11,692,248**	

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 2021.

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 materially affect the financial statements as presented.

Statement of Income and Expenditure

RESULT FOR THE YEAR	2021 ₦	2020 ₦
Total Income	64,748,169	49,922,236
Expenditure	(28,411,536)	(25,277,851)
Surplus for the year	36,336,634	24,644,385

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, 2021, 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 made a Donation of N2,000,000 in respect to the funeral of Albert Okumagba; a past president of AIHN. The donation was made towards the care of the family he left behind.

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 to Association in accordance with Section 401 (2) of the Companies and Allied Matters Act, 2020 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. Wakeel Olawale
The financial statements set out have been prepared on a going concern basis, were approved by the Executive Committee Members on 19th April 2022 and were signed on its behalf:

BY ORDER OF THE EXECUTIVE COMMITTEE

Wakeel Olawale
Executive Secretary
19th April 2022

FINANCIAL STATEMENTS CERTIFICATION

In accordance with Section 405 of the Companies and Allied Matters Act of Nigeria (CAMA 2020), the Executive Committee hereby certify that the financial statements have been reviewed and based on our knowledge, the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the period covered by the audited financial statements.

We state that the Executive Committee:

- is responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Association is made known to the officers of the Association, particularly during the period in which the audited financial statement report is being prepared;

- has always evaluated the effectiveness of the Association's internal control prior to the date of its audited financial statements; and

- certify that Association's internal controls are effective as of that date

We have disclosed:

- all significant deficiencies in the design or operation of internal controls which could adversely affect the Association's ability to record, process, summarise and report financial data, and have identified for the Association's auditors any material weaknesses in the internal controls; and

- whether or not there is any fraud that involves management or other employees who have a significant role in the Association's internal controls; and

- as indicated in the report, whether or not there was significant changes in internal controls or in other factors that could significantly affect internal control subsequent to the date of their evaluation, including any corrective to significant deficiencies and material weaknesses.

PRESIDENT

SECRETARY OF FINANCE

STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Companies and Allied Matters Act, 2020, requires the Executive Committee 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, 2020;

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 accepts 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, 2020.

The Executive Committee 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 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 to indicate that the Association will not remain a going concern for at least twelve months from the date of these financial statements.

PRESIDENT

SECRETARY OF FINANCE

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the Association of Issuing Houses of Nigeria ("AIHN") is slated to hold as follows:

Date:	**Monday, May 9, 2022**
Venue:	**The Southern Sun Hotel, Ikoyi, Lagos**
Time:	**12 noon**

Agenda

1. To receive the Audited Financial Statements of the Association for the year ended 31st December 2021 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. To elect Officers
5. Any Other Business

Please note that there will be a Q&A session with the Executive Committee about the Association's activities after the AGM.

BY ORDER OF THE EXECUTIVE COMMITTEE

WAKEEL OLAWALE
Executive Secretary

PRESIDENT'S STATEMENT

1. INTRODUCTION

Distinguished members of the Association of Issuing Houses of Nigeria ("**AIHN**" or the "**Association**"), ladies and gentlemen, it is my pleasure and honour to welcome you to this year's Annual General Meeting (AGM). With an eventful 2021 behind us, the deliberations of this meeting will be critical in shaping a greater year ahead and advancing the cause of our great Association.

2. GLOBAL ECONOMIC REVIEW

According to the International Monetary Fund (IMF), the global economy rebounded in 2021, up 6.1% against a contraction of 3.1% recorded in 2020. The improvement in global economic conditions was largely on account of the resumption of economic activities, re-emergence of international linkages and substantial fiscal and monetary stimulus packages that helped to spur consumer and investment spending. Consequently, Advanced Economies (AEs) grew 5.2% in 2021 versus a contraction of 4.5% in 2020. Meanwhile Emerging Markets & Developing Economies (EMDEs) and Sub-Saharan Africa rose 6.8% and 4.5% from contractions of 2.0% and 1.7%, respectively, in 2020.

Despite the strong start to the year, the global economic outlook for 2022 has been dented by the spill-over effect of the Russia-Ukraine crisis which is expected to weigh on global trade and financial markets. Similarly, the resurgence of Covid-19 infections in China and the reinstatement of lockdowns have worsened prospects for the global economy. Accordingly, the IMF in the April 2022 edition of its World Economic Outlook report downgraded global GDP growth for 2022 and 2023 by 80bps and 20bps, respectively, to 3.6% each.

Consequently, AEs are projected to grow 3.3% in 2022, compared to the earlier 3.9% forecast while EMDEs growth forecast was cut by 100bps to 3.8%. On the other hand, SSA growth outlook for 2022 was revised upwards by 10bps to 3.8% on the back of a 70bps increase in Nigeria's forecast to 3.4%, while the growth projection for South Africa remained unchanged at 1.9%.

3. NIGERIA

After the tumultuous year 2020, the Nigerian economy rebounded with a real Gross Domestic Product (GDP) rate of 3.4% in 2021 – its highest since 6.3% in 2014. The modest GDP growth was aided by the relaxation of Covid-19 restriction measures, fiscal and monetary stimulus injection worth ₦2.3tn (3.0% of GDP), and a low base-year impact. The non-oil sector was the brightest segment with annualised growth rate of 4.4%, aided by the recovery in large and labour-elastic sectors such as Financial Institutions & Insurance (up 10.1%), Trade (up 8.6%), ICT (up 7.3%), and Agriculture (up 2.1%). However, the oil sector contracted by 8.3% due to prolonged technical challenges and low investment flows.

Notwithstanding the GDP growth in 2021, the dynamics of key macroeconomic and social indices were underwhelming, worsened by counter-productive policy measures, the lack of cohesion between the fiscal and monetary authorities, and endemic insecurity challenges. In 2021, inflationary pressure worsened to a decade high, averaging 17.0% from 13.2% in 2020. Also, the combined impact of weak FX inflows (2021: US$6.7bn vs. 2020: US$9.7bn), low average crude oil production (2021: 1.56MPBD vs. 2020: 1.79MBPD), and worsening trade deficit (2021: ₦1.9tn vs. 2020: ₦178.3bn) dampened the CBN's capacity to sustain the official exchange rate at ₦380.00/US$1.00 as it adopted the NAFEX rate of ₦410.00/US$1.00 in April 2021. On the socio-economic front, the Council for Foreign Relations reported a 12.9% increase in the cumulative death toll from insecurity to 85,226 in 2021, while rampant cases of kidnapping resulted in the payments of ransom worth millions.

On the positive side, the long-awaited Petroleum Industry Bill (PIB) (now, Petroleum Industry Act - PIA), was signed into law in August 2021 followed by the introduction of the E-Naira, and the launching of the ₦15.0tn Infrastructure Corporation of Nigeria (InfraCorp) investment vehicle. The delay in the implementation of the Petroleum Industry Act (till August 2023), might however dampen foreign investment flows to the oil sector in the near term, hence, clogging the anticipated timely recovery of the sector.

In terms of outlook, the IMF projects that the Nigerian economy would grow by 3.4% and 3.1% in 2022 and 2023, compared to the FG's projection of 4.2% in 2022 and 4.4% in 2023, respectively. On the monetary policy front, the CBN is expected to sustain its policies including strict capital control measures and selected interventions in key sectors of the economy.

4. FIXED INCOME

In 2021, asset repricing across segments of the fixed income market helped yields recover from Covid-19 induced lows in the prior year. The FGN bond yield rose 5.4ppts to 11.6%, while the average OMO bills and T-bills yields advanced 4.9ppts and 4.0ppts respectively to 5.5% and 4.4%. Due to the bearish trend, the performance of the domestic sovereign bond market lagged the emerging market as the S&P/FMDQ Bond Index declined by 15.0% compared to -1.5% for the JP Morgan Emerging Market Bond Index (JP EMBI). In Q1 2022, the FGN bond market trended bullish on the back of elevated system liquidity (c₦3.2tn) and the commencement of the FGN borrowing cycle. Consequently, the average sovereign bond yield dipped 381bps to 10.7% in Q1:2022, while the average T-bills yield was down 63bps to 3.3%. For 2022, the expectation is that yields would close higher influenced by a mix of weaker inflows and uncertainties ahead of the 2023 elections. Remarkably though, the fixed income segment of the market has been relatively busy in Q1 2022 with new issuances in excess of ₦300bn. If this is sustained, the segment may print at above the 1 trillion mark. That should be positive for members of the Association.

5. EQUITIES

The year 2021 was characterised by a lack lustre performance shaped by the blend of rising yield in the fixed income (FI) environment, global oil price recovery, positive corporate earnings releases, and weak foreign investors' participation. The domestic bourse began the year on a bullish momentum as investors took advantage of the relatively attractive pricing of listed stocks supported by the low FI yields environment as well as the resumption of full economic activities. Although the NGX All-Share Index (NGXASI) gained 5.3% in January, the recovery of FI yields and resurgence of Covid-19 infections dampened investors' sentiment and prompted selloffs as the NGXASI closed H1:2021 with a loss of 5.9%. In H2:2021, however, the domestic bourse rebounded as the NGXASI gained 12.7% to end the year with a return of 6.1%. This positive performance has extended into 2022 as the continued uptick in global oil prices, positive earnings results, and dividend announcements bolstered investors' sentiment in Q1:2022 to pull the bourse to a 9.9% uptick YTD. Nevertheless, the impact of the Russian-Ukraine war and rising energy prices on input costs, sustained rise in fixed income yields, and tilt to monetary policy normalisation by global systemic central banks are likely headwinds in 2022.

6. INVESTMENT BANKING INDUSTRY

Investment banks faced significant challenges driven by Covid-19 impacts, evolving financial regulations, market democratization, and a sluggish global economy. At the same time, evolving technologies have placed a strain on business models, and changing staffing needs have made finding the right talent increasingly challenging.

Despite the many issues facing the industry, it recorded giant strides. Capital raising activities in the local environment consolidated the successes that were recorded in the previous year. Notably, over 177 deals valued at $8.88 billion were recorded in2021 as against the $4.3 billion of deals that were recorded in 2020. These successes featured many bellwether companies who took part in the acquisition, bond issuance, and commercial paper issuance deals.

Examples of these notable transactions include the $320 million acquisition of Main One Cable Company by Equinix, and the $650 million bond issuances for Seplat Petroleum Development Company. Also, Dangote Cement, one of the most capitalized companies in the country issued both bond and commercial papers worth $378 million and $365 million, sequentially. This substantiates the increased confidence of companies and investors in our local capital market.

Despite these improvements in the number and value of transactions, seed and series funding continue to report high deal volume as technology-based start-ups intensified efforts to achieve business expansion. Hence, traditional investment banks must innovate and develop the necessary capacities to win market share in the growing seed and series funding space.

Particularly, investment banks should consider increasing their participation in the technology revolution that is reshaping industry sectors around the globe. This will create an opportunity for artificial intelligence to take on a greater role in assessing market opportunities, market data, and many more. These new technologies would offer the potential for significant cost savings and agile advisory/capital raise solutions for clients.

I should not close without letting you know that your Executive Committee has been actively engaging with regulators and other market stakeholders to ensure an inclusive market space based on the principles of fair competition. Find below updates on a few key outcomes on these efforts and their implications for the Association.

7. ACTIVITIES OF THE ASSOCIATION

7.1 Securities & Exchange Commission ("SEC" or the "Commission)

During the course of the past year, the Association had multiple formal and informal consultations with the Director General of the Commission along with Executive Commissioners and senior management regarding pertinent issues affecting Capital Market Operators ("**CMOs**") specifically, and the Nigerian Capital Markets ("NCM") in general.

These issues include:

- I Delay in SEC Clearance for Open Transactions
- ii Expiry of FGN Tax Exemptions on Corporate Bonds
- iii CAC/ FIRS Operational Issues
- iv CMO Transaction Fee Caps
- v Proposed Amendments to Rule 8 that includes Commercial Papers as registrable securities with SEC
- vi DMO RFP Requirements

Following from our consultations, a communiqué on the takeaways from these deliberations was shared with Members on 27th September 2021. In addition, the Association and the Commission established a Technical Committee to resolve these matters.

The Technical Committee have over the course of the past months, met to ensure the implementation of items discussed in 2021. I am pleased to announce that sustained progress has been made on SEC approval timelines. We expect that an official announcement of the new approval protocol for bond issuance will be made in the coming weeks.

To ensure that Issuing Houses are able to meet up with this new approval protocol, the Association and the SEC have agreed to organize bi-annual training for desk officers who are directly involved in transactions.

We have indicated to the SEC our preference for the 2022 training sessions to take place during Q2 and Q4 at dates which will be communicated to members. While this is a development geared towards the new bond issuance protocol, we encourage members to create time to attend this training as it will not only improve the technical capacity of attendees but also create a more productive and efficient Capital Market.

7.2 AIHN TAX WEBINAR

Given the recent developments within the Nigerian taxation system, it became pertinent that Issuing Houses are brought up to date on how the various new tax laws introduced will affect their transactions. Hence, your Executive Committee invited senior tax professionals from KPMG in February 2022, to elucidate on Nigerian Tax trends and its impact on the capital market. This was a well-attended virtual event with over 100 participants joining the session. Some of the key issues discussed during the webinar included:

- Expiration of the CIT and VAT bond exemption order
- Amendment of the CGT Act, through the Finance Act 2021, to introduce taxation rules on share disposal transactions
- Changes to the CIT Act, through the Finance Act 2021, to provide clarity on the treatment of manufactured dividends within the context of securities lending transactions.
- Amendments to the CIT Act through the Finance Act 2021 to provide clarity and equity in the taxation of unit trusts, including those structured as Real Estate Investment Trusts.

The engagement during the Q&A session was impressive. Hence, a pointer to the need to have similar sessions in the future.

8. GOING FORWARD

As we forge ahead in 2022, I am gratified by the breadth and intensity of the Association's engagements with other key market stakeholders. I am confident that the Technical Committee we have established with the Commission will soon begin to yield dividends in terms of faster turnaround of primary issue transactions. I look forward to furthering our discussions with other strategic market stakeholders such as the DMO, NGX, CSCS, FMDQ as well as other capital market trade groups including the Chartered Institute of Stockbrokers. I am confident that these constructive engagements will result in an upsurge in issuer interest and ultimately contribute to the deepening of the Nigerian capital market. Given that more than ever, strategic stakeholders recognize the importance of collaboration, we remain optimistic that the prospect for the Nigeria Capital Market is promising.

IKE CHIOKE
President

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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, 2021, 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, 2021, 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.

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

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

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

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

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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, 2020, we confirm:

I

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.

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 6th May, 2022

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

FINANCIAL STATEMENTS
NOTES & ACCOUNTS

for the year ended 31st December 2021




STATEMENT OF FINANCIAL POSITION

	Note	2021 ₦	2020 ₦
ASSETS			
NON CURRENT ASSET			
Property, Plant & Equipment	7	**558,935**	885,795
TOTAL NON CURRENT ASSET		**558,935**	885,795
CURRENT ASSETS			
Cash and Cash Equivalents	6	**145,949,262**	134,123,842
Financial Assets:			
At amortized cost	8	**206,242,143**	180,451,911
Other receivables	9	**8,303,487**	9,286,759
TOTAL CURRENT ASSETS		**360,494,893**	323,862,512
TOTAL ASSETS		**361,053,828**	324,748,307
FUND AND LIABILITY:			
Accumulated Fund	11	**358,783,783**	322,447,149
TOTAL FUND		**358,783,783**	322,447,149
CURRENT LIABILITY			
Trade and Other Payables	10	**2,270,045**	2,301,158
TOTAL CURRENT LIABILITY		**2,270,045**	2,301,158
TOTAL FUND AND LIABILITY		**361,053,828**	324,748,307

These financial statements were approved by the Executive Committee on 19th April 2022 and signed on its behalf by:

President

Secretary of Finance

The accounting policies on pages 22 to 34 and the notes on pages 35 to 44 form integral parts of these financials tatements.

STATEMENT OF INCOME AND EXPENDITURE

	Note	2021 N	2020 N
INCOME			
Membership Subscriptions	12	**22,500,000**	25,000,000
Other Income	13	**42,248,169**	24,922,236
		64,748,169	49,922,236
Expenditure	14	**(28,411,536)**	(25,277,851)
SURPLUS FOR THE YEAR		**36,336,634**	24,644,386

The accounting policies on pages 22 to 34 and the notes on pages 35 to 44 form integral parts of these financial statements.

STATEMENT OF CASH FLOWS

	Note	2021 ₦	2020 ₦
Cash Flow from Operating Activities			
Subscription income	12	**22,500,000**	25,000,000
Interest Income: (Bond, Tbills, Fixed Deposit and other interest income	13	**28,748,169**	24,322,236
Other Income	13	**13,500,000**	600,000
Expenditures Financing	14	**(28,411,536)**	(25,277,851)
Operating Surplus before Changes in Operating Assets/Liabilities		**36,336,634**	24,644,386
Add Depreciation	7	**326,860**	330,210
Changes in Operating Assets/Liabilities			
[Decrease in Receivables	9	**983,272**	212,456
(Decrease) in Payables	10	**(31,113)**	(336,249)
Net Cash Flow from Operating Activities		**37,615,653**	24,850,802
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipment	7	-	(94,500)
Net Cash Flow from Investing Activities		-	(94,500)
Cash Flow from Financing Activities		-	-
Net Increase in Cash and Cash Equivalents		**37,615,653**	24,756,302
Cash and Cash Equivalents at the Beginning of the Year		**166,087,297**	141,330,994
Cash and Cash Equivalents at the End of the Year		**203,702,949**	166,087,297
Cash and Cash Equivalents Comprises of:			
Cash and Cash Equivalents	6	**145,949,262**	134,123,842
At amortized cost	8.1	**57,753,687**	31,963,454
		203,702,949	166,087,297

The accounting policies on pages 22 to 34 and the notes on pages 35 to 44 form integral parts of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

	Accumulated Fund ₦	Total N
Balance as at 1st January 2021	**322,447,149**	322,447,149
Surplus for the Year	**36,336,634**	36,336,634
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	**36,336,634**	36,336,634
Balance as at 31st December 2021	**358,783,783**	358,783,783
Balance as at 1st January 2020	**297,802,763**	297,802,763
Surplus for the Year	**24,644,386**	24,644,386
Other Comprehensive Income		-
Total Comprehensive Income for the Year	**24,644,386**	24,644,386
Balance as at 31st December 2020	**322,447,149**	322,447,149

The accounting policies on pages 22 to 34 and the notes on pages 35 to 44 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, 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

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 IFRS 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 **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).

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 f

lows 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.

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).

b) 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.

c) Financial assets measured at FVOCI

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 Association 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) FairValue 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 Association's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Association's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Statement of Income upon de-recognition/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 Association 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 Association'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.

items have been added to hedge relationships specifically impacted by interest rate benchmark reform.

The effective date of the company is for years beginning on or after 1 January 2021.

The company has adopted the amendment for the first time in the 2021 financial statements.

The impact of the amendment is not material.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

The COVID-19 pandemic has resulted in an amendment to IFRS 16 Leases. Lessees may elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. If this elect ion is applied, then any change in lease payments must be accounted for in the same way as a change would be accounted for it were not a lease modification.

This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2022 and
- there is no substantive change to other terms and conditions of the lease.

The effect ive date of the amendment is for years beginning on or after 1 June 2021.

The company has adopted the amendment for the first time in the 2021 financial statements.

The impact of the amendment is not material.

4.1 Standards and interpretations not yet effective

The following standards have been issued or amended by the IASB but are yet to become effect ive for annual periods beginning on or after 1 January 2022 or later periods:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferredtax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the t ime of the transact ion affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effect ive date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is current ly being assessed.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is currently being assessed.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is currently being assessed.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current . If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 1 January 2023.

The impact of this amendment is currently being assessed.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the company is for years beginning on or after 1 January 2022.

The impact of this amendment is currently being assessed.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the company is for years beginning on or after 1 January 2022.

The impact of this amendment is currently being assessed.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the company is for years beginning on or after 1 January 2022.

The impact of this amendment is currently being assessed.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the company is for years beginning on or after 1 January 2022. The impact of this amendment is currently being assessed.

	2021 ₦	2020 ₦
6 Cash and Cash Equivalents		
First Bank of Nigeria (Naira Account)	23,133,642	3,591,412
First Bank of Nigeria - Call Account	1,025,717	1,025,614
Money Market FUnd (MMF)	67,339,670	64,614,846.94
Access Bank	1,556,042	1,549,056
Fixed deposit / VFD Bridge	52,894,192	63,342,912
	145,949,262	134,123,842

7 Property Plant & Equipment

	FURNITURE & FITTINGS N	OFFICE EQUIPMENT N	MOTOR VEHICLES N	PLANT & MACHINERY N	TOTAL N
COST					
At 1 January 2021	7,827,320	2,911,213	3,426,000	156,020	14,320,553
Additions	-	-	-	-	-
At 31 December 2021	**7,827,320**	**2,911,213**	**3,426,000**	**156,020**	**14,320,553**
DEPRECIATION					
At 1 January 2021	7,696,460	2,267,288	3,315,000	156,010	13,434,758
Charge for the Year	71,080	181,780	74,000	-	326,860
At 31 December 2021	**7,767,540**	**2,449,068**	**3,389,000**	**156,010**	**13,761,618**
Net Book Value					
At 31 December 2021	**59,780**	**462,145**	**37,000**	**10**	**558,935**
At 31 Dec. 2020	130,860	643,925	111,000	10	885,795

		2021 ₦	2020 ₦
8	**Financial Assets At Amortized cost**		
	Treasury Bills (8.1)	57,753,687	31,963,454
	FGN Bonds (8.2)	148,488,456	148,488,456
		206,242,143	180,451,911
8.1	Treasury Bills		
	UBA PLC (Global Investor Services)	187	31,963,454
	Fixed deposit Above 90days	15,504,346	
	FSDH M Bank (Commercial paper)	42,249,154	-
		57,753,687	31,963,454
8.2	FGN Bond		
	UBA PLC (Global Investor Services) FGN Bond	**148,488,456**	148,488,456
9	**Other Receivables**		
	Other receivables(9.1)	8,303,487	9,286,759
		8,303,487	9,286,759
9.1	**Other receivables**		
	Accrued Income (9.2)	7,857,653	7,874,259
	Staff Loan	50,000	-
	Prepayments(Staff Housing) (9.3)	133,333	1,150,000
	Prepayment Secretariat Rent (9.4)	262,500	262,500
		8,303,487	9,286,759
9.2	**Accrued Income**		
	Accrued Income (BOND)	7,857,653	7,874,259
	Accrued Interest Income- Other(Tbills)	-	-
		7,857,653	7,874,259
9.3	**Prepayment (Staff Housing)**		
	Opening Balance	1,150,000	1,150,000
	Additions	320,000	2,760,000
	Amortization	(1,336,667)	(2,760,000)
		133,333	1,150,000
9.4	**Prepayment Secretariat Rent/ service charge**		
	Opening Balance	262,500	472,500
	Additions	1,050,000	1,050,000
	Amortization	(1,050,000)	(1,260,000)
		262,500	262,500

		2021 ₦	2020 ₦
10	**Trade and Other Payables**		
	Other Payables:		
	Accrued Paye	40,889	163,751
	Provision for Accounting fee	537,500	537,500
	Provision for Audit fee	1,290,000	1,290,000
	With Holding Tax payable	270,000	270,000
	Other Payables	131,656	39,908
		2,270,045	2,301,158
11	**Accumulated Fund**		
	As at 1 January	322,447,149	297,802,763
	Surplus for the year	36,336,634	24,644,386
	As at 31 December	**358,783,783**	322,447,149

		2021 ₦	2020 ₦
12	**Members' Subscriptions**		
	Subscription Income from members (12.1)	22,500,000	25,000,000
12.1	**AIHN Members subscription**		
	Afrinvest (West Africa) Ltd	500,000	500,000
	Absa Capital Markets Nigeria Ltd(formerly Barclays)	500,000	500,000
	Alpha Morgan Capital Advisory Partners Ltd	500,000	500,000
	ARM Securities Limited	1,000,000	500,000
	AVA Capital	500,000	-
	Boston Advisory Limited	1,000,000	-
	Capital Bancorp Plc	500,000	500,000
	Cardinalstone Partners limited	500,000	500,000
	Credent Capital & Advisory Limited	500,000	500,000
	Chapel Hill Denham Advisory Ltd	500,000	500,000
	Comercio Partners Capital Limited	500,000	500,000
	Coronation Merchant Bank Ltd	500,000	500,000
	Cordros Capital Limited	500,000	500,000
	Diamond Capital & Financial Mkts Ltd	-	-
	Dunn Loren Merrifield Advisory Partners Ltd	500,000	1,000,000
	EAC Advisory Limited	500,000	500,000
	Ecobank Development Company Ltd	500,000	500,000
	FBNQuest Capital Limited	500,000	500,000
	FBNQuest Merchant Bank Ltd	500,000	500,000
	FCMB Capital Market Limited	500,000	500,000
	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	500,000
	Iworld Financial Services Limited	-	500,000
	Kairos Capital Limited	500,000	500,000
	Lead Capital Plc	1,000,000	-
	Lotus Financial Services Limited	500,000	500,000
	MBC Capital Ltd	-	500,000
	FSDH Merchant Bank	500,000	-
	Mainstreet Bank Capital Limited	-	500,000
	NSL Capital Partners Limited	500,000	500,000
	Planet Capital Limited	-	2,000,000
	Quantum Zenith Capital & Investment Limited	500,000	500,000
	Light House Capital	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	-
	Standard Chartered Capital and Advisory Nigeria Ltd	500,000	500,000
	SCM Capital Ltd	-	500,000
	The Infrastructure Bank	-	500,000
	Union Capital Markets Ltd	-	500,000
	United Capital PLC	1,000,000	-
	Vetiva Capital Management Ltd	500,000	500,000
	Tiddo Securities	500,000	-
	Rusumo Capital & Investment Advisers Ltd	-	500,000
	Renaissance Capital Ltd	-	1,000,000
	Norrenberger Investment & Capital Mgt. Ltd	500,000	500,000
	Radix Capital Partners Ltd	-	1,000,000
	UCML	500,000	-
	Sterling Asset Management	-	500,000
	PAC Capital Limited	-	1,000,000
		22,500,000	25,000,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2021 ₦	2020 ₦
13 Other Income		
Investment income - Bond	18,710,517	18,770,422
Interest on Fixed deposit	4,276,200	2,722,688
Interest Income- (Tbills)	2,724,823	1,414,735
Advert Income (13.1)	-	300,000
Other Interest Income	3,036,630	1,414,391
Other Income	500,000	-
Rental income	-	-
Sponsorship Income (13.2)	12,600,000	-
Application for Registration	400,000	300,000
	42,248,169	24,922,236
13.1 Advert Income		
Corp. Advert - Comercio Partners	-	50,000.00
Corp. Advert - Emerging Africa	-	50,000.00
Corp. Advert - Credent Capital	-	50,000.00
Corp. Advert - Kairos Capital	-	50,000.00
Corp. Advert - Vetiva Capital	-	50,000.00
Corp. Advert - Afrinvest ltd	-	50,000.00
	-	300,000
13.2 SPONSORSHIP INCOME for AGM & Award		
UCML Capital	500,000	-
Standard Chartered	2,000,000	-
Vetiva	1,000,000	-
FCMB Capital	1,500,000	-
Coronation MB	3,600,000	-
Saro Africa	1,000,000	-
FMDQ holdings	1,000,000	-
Afrinvest Securities	2,000,000	-
	12,600,000	-
14 Expenditure		
Annual Dinner	10,630,243	1,400,000
Annual General Meeting Expenses	2,657,561	3,278,895
Audit Fee	1,290,000	1,290,000
Severance Package	210,000	3,000,000
Bank Charges	42,738	138,742
Computer Expenses	42,100	283,520
Depreciation	326,860	330,210
Courier Expenses	33,192	21,980
Gift	90,000	200,000
Insurance	-	54,260
Meeting and Seminar Expenses	111,478	315,811
Miscellaneous	-	5,300
Office Running Expenses	117,600	136,880
Email&Zoom subscription	115,127	-
Internet Espense	50,000	-
UBA GIS Custordian Fee	91,749	101,484
Printing	1,291,756	783,000
Rent	900,000	1,080,000
I.T Consulting Fee	1,100,000	-
Professional Fee	537,500	537,500
Service Charge	150,000	180,000
Utilities (Diesel and Lightening)	375,176	132,219
Vehicle Running Expenses	-	557,050
Staff Cost (Note 15)	5,756,958	8,038,000
Staff Welfare	-	224,000
Telephone Expenses	50,500.00	140,000
Cleaning Expense	35,200	37,000
Newspaper	-	12,000
Donation (Funeral)	2,000,000	3,000,000
	28,411,536	25,277,851

14.1 SIAO did not offer any other services to the Association and as stated above the audit fee charged was ₦1,290,000 (VAT inclusive).

The Association's risk management policies are established to identify and analyse the risks faced by the Association 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 Committe 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:

	2021 ₦	2020 ₦
Other receivables	8,303,487	9,076,759
Cash and cash equivalents	145,949,262	134,123,842
	154,252,749	**143,200,601**

Cash and Cash equivalents

The cash and cash equivalents held as at 31 December 2021 was N145,949,262 (2020: N134,123,842). The cash and cash equivalents are held by banks and financial institutions in Nigeria.

16(ii) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

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

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.

Typically, the credit terms with clients are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters

	2021 ₦	2020 ₦
15 STAFF COSTS		
Salary and wages	5,715,958	7,800,000
Leave allowance	-	112,000
Bonus (13th Month)	41,000	126,000
	5,756,958	8,038,000

Other employee benefits include leave allowance, medical allowances, incentive and other benefits which are consistent with industry practice.

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:

₦		₦	2021	2020
300,001	-	1,000,000	1	2
1,000,001	-	2,000,000	-	-
2,000,001	-	3,000,000	1	-
3,000,001	-	4,000,000	-	-
4,000,001	-	5,000,000	-	-
5,000,001	-	above	-	1
			2	**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

Other employee benefits include leave allowance, medical allowances, incentive and other benefits which are consistent with industry practice.

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:
Risk Management Framework

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.

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

Non-Derivative Financial Liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1 -2 years	2 -5 years	5 - 10 years
31 December 2021						
Other payables	2,270,045	2,270,045	2,270,045	-	-	-
	2,270,045	**2,270,045**	**2,270,045**	-	-	-
31 December 2020						
Other payables	2,301,158	2,301,158	2,301,158	-	-	-
	2,637,408	**2,637,408**	**2,637,408**			

16(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

17 Capital Commitments

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

18 Event After Reporting Date

No events or transactions have occurred since the statement of financial position 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

19 Contingent Liability

No contingent liabilities in respect of the year under review.

20 Approval of Financial Statements

The Financial Statements were approved by the Executive Committee Members on 19th April 2022

STATEMENT OF VALUE ADDED

	2021 ₦		2020 ₦	
GROSS INCOME- Members Subcription	22,500,000		25,000,000	
Less: Cost of Goods and Services				
(Local)	(22,327,718)		(16,909,641)	
Value Added from Operations	172,282		8,090,359	
Other Income	42,248,169		24,922,236	
Value Added	**42,420,450**	**100**	*33,012,595*	100
Distributed as follows:				
Employees				
Salaries	5,756,958	14	8,038,000	24
Provided for Asset Replacement				
Depreciation	326,860	1	330,210	1
Surplus	36,336,634	86	24,644,386	75
Value Added	**42,420,450**	**100**	33,012,595	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 2021 ₦	IFRS 2020 ₦	IFRS 2019 ₦	IFRS 2018 ₦	IFRS 2017 ₦
ASSETS					
Cash and Cash Equivalents	145,949,262	134,123,842	56,971,862	25,156,979	24,449,938
Property, Plant & Equipment	558,935	885,795	1,121,505	845,439	805,912
Financial Assets	206,242,143	180,451,911	232,847,588	223,505,938	224,572,920
Other receivables	8,303,487	9,286,759	9,499,213	10,578,245	10,048,290
TOTAL ASSETS	**361,053,828**	**324,748,307**	**300,440,171**	**260,086,601**	**259,877,060**
FUND AND LIABILITY:					
Accumulated Fund	358,783,783	322,447,149	297,802,763	258,031,602	253,175,704
CURRENT LIABILITY					
Other Payables	2,270,045	2,301,158	2,637,408	2,055,000	6,701,355
TOTAL FUND AND LIABILITY	**361,053,828**	**324,748,307**	**300,440,171**	**260,086,601**	**259,877,060**
STATEMENT OF PROFIT OR LOSS					
Income	64,748,169	49,922,236	79,491,945	54,093,072	53,185,076
Expenditure	(28,411,536)	(25,277,851)	(41,026,256)	(49,517,174)	(19,178,831)
Surplus	**36,336,634**	**24,644,386**	**38,465,689**	**4,575,898**	**34,006,245**

EXECUTIVE COMMITTEE MEMBERS

AIHN

ASSOCIATION OF ISSUING HOUSES OF NIGERIA