AIHN

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

2022

ANNUAL REPORT

CONTENT

ASSOCIATION'S INFORMATION

EXECUTIVE COMMITTEE

Mr. Ike Chioke	President
Mrs. Kemi Awodein	Vice President
Mr. Egie Akpata	Secretary of Administration
Mr. Abimbola kasim	Secretary of Treasury
Mr. Chidi Iwuchukwu	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

	2022 N	2021 N	Change N	Change %
ASSETS				
Cash and Cash Equivalents	177,386,968	145,949,262	31,437,706	22
Property, Plant & Equipment	1,038,868	558,935	479,933	86
Financial Assets	229,463,545	206,242,143	23,221,401	11
Other receivables	8,253,484	8,303,487	(50,003)	(1)
TOTAL ASSETS	416,142,865	361,053,828	55,089,037	
FUND AND LIABILITY:				
Accumulated Fund	412,766,798	358,783,783	53,983,015	15
CURRENT LIABILITY				
Other Payables	3,376,067	2,270,045	1,106,022	49
	416,142,865	361,053,828	55,089,037	

STATEMENT OF INCOME AND EXPENDITURE

	2022 N	2021 N	Change N	Change %
INCOME				
Membership Subscriptions	35,100,000	22,500,000	12,600,000	56
Other Income	50,319,037	42,248,169	8,070,868	19
	85,419,037	64,748,169	20,670,868	32
Expenditure	(31,436,022)	(28,411,536)	(3,024,487)	11
SURPLUS TRANSFERRED TO ACCUMULATED FUND	53,983,015	36,336,634	17,646,381	49

AIHN
ASSOCIATION OF ISSUING HOUSES OF NIGERIA

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 2022.

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.

Statement of Income and Expenditure

RESULT FOR THE YEAR	2022 N	2021 N
Total Income	**85,419,037**	64,748,169
Expenditure	**(31,436,022)**	(28,411,536)
Surplus for the year	53,983,015	36,336,634

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, 2022, the Association had no physically challenged persons in its employment.

GOING CONCERN

The Executive committee believe that the Association has adequate resources to continue in operation for the foreseeable future and accordingly, the financial statements have been prepared on a going-concern basis. The committee is not aware of any new material changes that may adversely impact the association. The committee is also not aware of material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

EXECUTIVE COMMITTEE'S REPORT (CONT'D)

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.

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 the going concern basis, were approved by the Executive Committee Members on 15th June, 2023 and were signed on its behalf:

BY ORDER OF THE EXECUTIVE COMMITTEE MEMBERS

....
Executive Secretary,
Mr. Wakeel Olawale

15th June, 2023

FINANCIAL STATEMENTS CERTIFICATION

In accordance with section 405 of the Companies and Allied Matters Act of Nigeria, Executive Committee Members 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, t:he period covered by the audited financial statements.

We state that the management and directors:

- are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Association is made own to the officers of the Association, particularly during the period in which the audited financial statement report is being prepared;
- have 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, summarize 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 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, 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 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 to indicate that the Association will not remain a going concern for at least twelve months from the date of these financial statements.

Mr. Ike Chioke
President
FRC: FRC/2013/IODN/00000003960

Mr. Abimbola Kasim
Treasurer

Association Of
Issuing Houses
Of Nigeria
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Tel: 08064505408 | Email: info@aihn.com.ng | Website: aihn.com.ng

NOTICE OF ANNUAL GENERAL MEETING 2023

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: Tuesday, November 14, 2023

Venue: The Civic Centre Victoria Island, Lagos

Time: 8.30 am

Agenda

1. To receive the Audited Financial Statements of the Association for the year ended 31st December,2022 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 amend the Constitution
5. To elect Officers
6. Any Other Business

Please note that the Annual Investment Banking Awards ceremony would hold later in the day within the same building.

BY ORDER OF THE EXECUTIVE COMMITTEE

WAKEEL OLAWALE
Executive Secretary

PRESIDENT SPEECH

1. INTRODUCTION

Distinguished members of the Association of Issuing Houses of Nigeria ("**AIHN**" or the "**Association**"), it gives me immense pleasure to welcome you to our 2023 Annual General Meeting.

Let me begin by sincerely thanking every member of this great Association for their unwavering dedication and support, which has been instrumental in our collective progress and in achieving our set objectives. Since our last AGM, AIHN has made significant strides, and despite economic challenges, the capital market has continued to grow.

This year's AGM holds a special significance as it marks my final attendance as President of AIHN. If I may add, this also makes me the second longest-serving Executive Committee ("**Exco**") member in the history of our Association. I share this with a profound sense of humility and appreciation for the opportunity to serve, as this was only made possible through the vote of confidence from each one of you.

The year 2022 was marked by numerous events and activities. Our Exco has been actively engaging with all pertinent stakeholders to ensure the realization of the AIHN's strategic priorities. As we progress today, the discussions and decisions made will play a crucial role in shaping the year ahead and setting the course for the future of our esteemed Association.

2. GLOBAL ECONOMIC REVIEW

Global economic growth momentum slowed markedly in 2022 following the emergence of a new downside risk (the Russia-Ukraine war) which, in addition, to lingering drag factors – negative Covid-19 footprints, US-China trade spate, and pent-up demand post-pandemic – spooked elevated inflation and recession fears in many regions. According to the IMF, global growth eased to 3.1% in 2022 (2021: 6.3%), dragged by a marked slowdown in Advanced Economies and Emerging Market and Developing Economies with tepid growth of 2.6% and 4.1%, respectively as against 5.2% and 6.6% in 2021.

As hinted earlier, high inflation was the major theme across the globe in 2022. The disruption to the global commodities supplies chain especially, energy goods and agriculture products by the sanctions and countersanctions measures for Russia's invasion of Ukraine, snowballed into higher prices of other goods and services due to their derived demand nature. Based on the IMF's estimate, the global inflation rate raced to a five-decade highest of 8.7% in 2022, dragging an additional 95m more people into extreme poverty globally.

To contain the high inflation scourge, global systemic central banks led by the US Fed and the ECB swung to hawkish policy mode, raising their benchmark rates by more than 300 times combined between April 2022 and September 2023. The higher-for-longer interest rate campaign has also begun to fuel currency volatility and escalating debt crises in emerging markets, especially in the Sub-Saharan African region.

A recent publication by the World Bank, "Africa's Pulse" revealed that more than 90% of currencies on the African continent lost ground against the US Dollar between January and September 2023, led by the Nigerian Naira and Angola Kwanza with over 40.0% depreciation rate each. Another publication on debt sustainability by the IMF revealed that two-thirds of SSA countries are likely to fall into debt crises by end of 2023, barring any positive surprise change or support to their fiscal war chest.

In terms of global growth outlook, the IMF has lowered its guidance for 2023. According to the October 2023 edition of the World Economic Outlook report by the Briton-Woods Institution, global growth is projected to clear at a base case of 2.9% previously 3.1%, dragged by the downward revision of growth for the Euro-Area and the SSA to 0.7% and 3.3% respectively, from 0.8% and 3.6% at the beginning of the year. We hold that these projections could even be negatively impacted by the fresh geopolitical crises that sparked off between Israel and Hamas (in Palestine) since October 7, 2023.

3. NIGERIA MACROECONOMIC REVIEW

Mirroring the global trend, Nigeria's economic growth also eased to 3.1% in 2022 vs 2021 in 3.4% owing to the extended disappointing performance of the oil economy (down 19.2% year on year to extend recession spell to 11 successive quarters), and the 4.6% decline of the industries sector of the non-oil economy. Meanwhile, the services and agriculture sectors maintained their resilient performance with modest growth of 6.7% and 1.9%, respectively, in 2022.

Although the economy has sustained its growth trajectory in H1:2023 (up 2.4% y/y), major macroeconomic health indicators are currently at their lowest point on record. The cumulative effect of multi-year fiscal and monetary policy misalignments in addition to the tough external environment and more recently, the knee-jerk effect of the ongoing reforms by the new administration amidst weak fiscal buffers has sent inflation and exchange rates to record highs of 26.7% (September) and ₦815.31/$ (as of the end of October), respectively. Equally worrisome is the steady decline in foreign investment flows to $2.2bn in H1:2023 vs $14.6bn in the corresponding period of 2019 – a development that reflects a lack of confidence in Nigeria's fiscal and monetary policy strategies by global investors.

Nonetheless, some of the bold reform steps taken by the new administration – leadership change and ideological reform at the Apex Bank, “partial” removal of unsustainable PMS and FX subsidies, and improved security of oil installations (output reached a 20-month high of 1.35mbpd in September) – are beginning to beam rays of hope of possible recovery in the near-term.

In terms of growth outlook, the IMF estimates that the Nigerian economy will expand by 2.9% and 3.1% in 2023 and 2024 respectively, in a blue-sky scenario. In addition, should the ongoing reforms be sustained, average inflation and exchange rate conditions are projected to improve to about 20.8% (World Bank) and ₦750.00/$ by 2024.

4. FIXED INCOME MARKET

In 2022, the weak growth outlook and tighter monetary policies impacted global debt levels and the fixed income space. Although debt level fell 2.2% y/y to $296.6tn in Q4:2022, global public and private debt-to-GDP ratios remained well above pre-pandemic records. In the Bonds space, we witnessed unprecedentedly poor returns due to normalization of policy rates, recession fears hurting credit spreads, and liquidity shocks driving up volatility. As such, FGN Bonds rose less steeply than T-bills, up 4.2% as liquidity squeeze drove repricing of yields at the front-end of the curve while investors bought the medium tenured instruments. The performance of the SSA Sovereign Eurobond markets remained weak as average yield rose sharply to 35.4% (FY'2021: 9.7%; H1'2022: 6.9%). Similarly, weak investor confidence hit the Corporate Eurobond market as average yield inched higher to 7.9% from 5.0% in FY:2021 (H1:2022: 6.9%). In the Money market segment, yields climbed to 6.2% showing significant improvement in real returns although it remained in the negative zone.

The year 2023 did not have a good start as historic tightening by inflation-combating central banks stoked the interest rate environment to its highest level in 17 years. This resulted in global debt build-up by $8.3tn to $304.9tn in Q1:2023 ($1.4tn lower than the record-high $306.3tn in Q1:2022). EMs led the way with a $1.2tn increase to $100.7tn (vs $2.6tn reduction in Mature Markets debt to $206.8tn). As such, there were

PRESIDENT SPEECH (CONT'D)

Sovereign issues to close fiscal deficits and non-corporate issuance in EMs were tailwinds. This saw a steady quarterly drop in global debt to GDP since Q2:2022.

In H1:2023, the Bonds market was driven by rate hikes in AEs and debt repayment crises that hit countries like Ghana and Zambia, inducing market volatility. Hence, the performance of the SSA Sovereign Eurobond market under our coverage was weak as average yield rose sharply about 6 percentage points to 19.0% in H1:2023 (FY 2022: 13.3%). Similarly, the weak performance extended to the Corporate Eurobond market as average yield expanded from 9.0% in FY:2022 to 17.3%. However, all was not gloomy as prices of Nigerian Eurobonds rose 7.6% with a late rally in Q2 driven by optimism in fiscal and monetary reforms. In the local Bonds space, yields on benchmark FGN bonds moderated 15bps to close H1:2023 at an average of 13.2% (Benchmark NT-bills rose 92bps to 6.2%). Market bucked a bearish trend in response to the relatively peaceful political transition, fiscal reforms and CBN's accommodative posture (seemingly in alignment with FG's bias for a lower interest rate environment). Meanwhile, average system liquidity (₦473.4bn) was 2.5x higher in H1:2023 compared to H1:2022 due to weak MPR transmissions through credit market and impact of Naira redesign. Nonetheless, T-bills yields repriced higher to reflect the hawkish MPR tilt and to help the market cope with soaring inflation.

For the rest of 2023, we foresee yields across the domestic and Sovereign Eurobonds market tracking higher supported by inflationary pressure, FX dynamics, fiscal realities and expected maturities. This is currently evidenced by the bearish performance in FGN Bonds, SSA Eurobonds, and Money Markets which have all seen yields rise to 14.2%, 21.9%, and 8.3%, respectively, in Q3:2023.

5. EQUITY MARKET

Excluding the exceptional performance recorded during the COVID year, 2022 posted the best performance seen in the last five years. Despite the inflationary pressure, successive series of MPR hikes, upsurge in fixed income yields, and liquidity squeeze, the Nigerian Exchange (NGX) All Share Index gained 20.0% supported by impressive corporate earnings, dividend payments, strong GDP performance and corporate actions such as BUAFOODS listing and DANGCEM's share buy-back. Noteworthy, the Afrinvest – ICT, NGX – Oil & Gas, and NGX – Industrial Goods indices aided the bullish performance with 38.5%, 34.0% and 19.7%, increases, respectively.

At the start of 2023, the local bourse maintained the growth trajectory buoyed by resilient full year earnings and corporate actions. However, investors took a risk-off approach due to worsening macroeconomic indicators and pre- and post-election jitters. This saw the NGX-ASI decline from 8.9% in February to 1.9% mid-May. After the inauguration of President Bola Tinubu and the influx of policy reforms, there was an increase in FPI participation and positive sentiment across the broad sectors of the economy. As such, the local bourse appreciated by 19.0% to close at 60,968.27 points in H1:2023. Across the sectors in the economy, the Oil & Gas (+67.8%), Insurance (+58.9%), Banking (+54.6%) and Consumer Goods (+51.9%) indices recorded the most significant increase.

Although the preexisting crisis from 2022 still plagues the economy, the improved clarity and transparency in the FX market, resilient earnings performance and lack of high-yielding investment to counter the high inflation presents growth potential for the local bouse in H2:2023. This is evidenced in the YTD performance of 35.1% as at Q3:2023.

6. INVESTMENT BANKING INDUSTRY

Despite global and domestic macroeconomic headwinds, the Nigerian Investment Banking industry recorded giant strides since 2022 - sustaining the momentum seen in 2021 as many economies continue to recover from the impact of Covid-19. Capital raising activities in the local environment consolidated on the successes recorded in 2021. Notably, 333 deals valued at about N3.44trillion have been recorded over the last two years

PRESIDENT SPEECH (CONT'D)

in the local debt capital market. This largely reflects the activities of corporates in the bond and commercial paper issuance space while also considering state sponsored instruments.

Period	Instruments	Volume	Value ₦'Billion
FY 2022	Bonds	21	634.47
	Commercial Papers	132	726.02
9M 2023	Bonds	12	744.06
	Commercial Papers	168	1,334.56

In August 2022, Dangote Industries Limited successfully closed its Series 1, dual tranche, bond issuance of ₦187.59 billion under its ₦300 billion bond issuance programme. This was followed in December 2022 by the issuance of the Series 2 bond issuance of up to N112.42 billion. This is the largest corporate bond ever issued in the Nigerian capital market. Also, MTN Nigeria Communications Plc established a ₦200 billion bond issuance programme under which it issued its ₦115Billion Series 1 Bond in September 2022. The transaction is the first bond issuance by a Nigerian telecommunications company. More recently, the Lagos State Government established a ₦1 Trillion Debt and Hybrid Instruments Issuance Programme under which it issued its Series 1 ₦115Billion and Series 2 ₦19.82 billion bond issuances in May 2023. These transactions among many others further substantiate the increased confidence of companies and investors in our local capital market.

I would also like to highlight the volume of mergers and acquisitions recorded over the last seven quarters and the increased activity seen in the equity capital market space – particularly in terms of listings and rights issue announcements. Furthermore, Seed and Series funding continue to report high deal volume as technology-based start-ups intensify efforts to achieve business expansion. Hence, traditional investment banks must innovate to survive and win market share in the growing Seed and Series funding space. Attracting right talent in the investment banking sector is however becoming increasingly difficult owing to competition from the financial technology companies and the increased emigration wave.

To support future growth, investment banks need to be innovative and consider increasing participation in the technology revolution that is shaping sectors around the globe. This will create an opportunity for artificial intelligence to take on a greater role in assessing market opportunities and market data. These new technologies portend significant cost savings and delivery of innovative solutions for investment banks.

7. ACTIVITIES OF THE ASSOCIATION

Specific to our own sector, your Exco has been actively engaging with regulators and other market stakeholders to ensure an inclusive market space and the realization of the Association's strategic priorities based on the principles of fair competition. We provide below, updates on several key outcomes of these efforts.

7.1 Securities & Exchange Commission Bi-annual training

During the course of the past year, the Securities and Exchange Commission held two trainings for members of the Association. The first training held in May 2022 with 125 persons present across 44 Issuing houses and the second training held in November 2022 with 135 persons present across 46 Issuing houses.

To ensure that Issuing Houses can meet up with this new approval protocol, the training was focused on desk officers who are directly involved in transactions.

PRESIDENT SPEECH (CONT'D)

7.2 Resignations

During the Exco meeting held in March 2023, Mr. Kayode Akinkugbe tendered his resignation from the Exco having served for almost four years. This created a casual vacancy in the office of the Vice President.

According to Section 13c of the AIHN constitution, "*where there is a casual vacancy in the role of the President or the Vice President, the Executive Committee shall reserve the right to fill all such casual vacancies*."

The Exco then exercised its right and filled the position of the Vice President with the recommendation of Mrs. Kemi Awodein of Chapel Hill Denham.

Subsequently in July 2023, Mrs Amaka Nsofor, Secretary of Finance for AIHN, also tendered her resignation due to a change in her employment to a company operating outside our industry.

With reference to section 19b of the AIHN constitution, "*where a member of the Executive Committee is to be replaced sequel to 19(a), the recommendation of that member of the Executive Committee on his replacement shall be given due consideration by the Executive Committee*".

Notwithstanding the foregoing, the Exco resolved to leave the role open till the next Annual General Meeting given that the meeting will be held shortly.

7.3 Business Luncheon

In July 2023, the Association together with the Securities and Exchange Commission organised a Joint business luncheon/seminar with the theme "Improving Time to Market". This seminar was held at Eko Hotel and saw over 140 members of the Association in attendance together with key stakeholders from the Commission including Mr. Dayo Obisan and Mr. Abbass Kadiri. Also in attendance was Mr. Jalo Waziri (CEO of CSCS) Mrs. Jumoke Olaniyan (senior Vice President at FMDQ) and Mr. Charles Obianwu (Chairman of CMSA) among others.

The discussions at the luncheon on the overall practical approach to ensuring the time to market for bond approval process was clarified across three broad headings:

i. The responsibility of Issuing houses in avoiding errors and keeping up with agreed timelines
ii. Periodic training of desk officers to ensure sustained compliance
iii. Education and display of the timeline on SEC's website for ease of reference.

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

8. ACHIEVEMENTS

It is with immense pride and gratitude that I share the remarkable achievements of the last AIHN administration across several crucial facets of our association's functioning.

8.1 Improved Time to Market for Bond Transactions:

One of our pivotal accomplishments has been the significant reduction in the time taken for bond transactions. Through streamlined processes and a focus on efficiency, we have, in partnership with the Securities & Exchange Commission, managed to expedite these transactions, enhancing the overall market agility and responsiveness.

8.2 Improved Welfare of AIHN Members through Enhanced Communication Channels:

The introduction of platforms such as WhatsApp channels and increased social media interactions has fostered a more connected and responsive community, allowing for seamless information dissemination and interaction among members.

8.3 Progress on Market Determined Fees for Capital Market Operators:

The strides made in the discussions with the NGX and SEC regarding Market Determined Fees for Capital Market Operators marks a crucial step forward. This move has helped foster an environment that is both fair and conducive for all market participants, ensuring equitable and just fees in the capital market operations.

8.4 Facilitated Compliance Framework for E-Filings and Processing:

Through our proactive approach, we organized and facilitated SEC training sessions in 2022 and 2023 for our members. This was aimed at bolstering their understanding and adherence to the compliance framework for E-filings and processing.

8.5 Increased Association's Revenue by 31% Over the Last 3 Years:

Last but not least, I am delighted to report a consistent and substantial increase in our revenue by an average of 31% over the past three years. This growth underscores our commitment to fiscal responsibility and the efficient management of our resources.

9. ELECTIONS

Today, we shall be electing a new Executive Committee to run the affairs of the Association. It has been an honour and a privilege for me, speaking on behalf of the outgoing Exco, to serve the Association over the past two years. We are profoundly grateful for the tremendous support and camaraderie we received from all of you. It is my utmost desire that you extend the same support, mutual trust and friendship, we enjoyed to the incoming Executive Committee.

10. GOING FORWARD

As my tenure as President of AIHN draws to a close, I am reminded of the words of the poet Robert Frost, who said, 'In three words, I can sum up everything I've learned about life, "***It goes on***".'

The greatness of this Association lies not only in the pages we have already written but in the unwritten possibilities that await. I have every confidence that the incoming leadership will continue to be a beacon of excellence in the financial industry, upholding the highest standards of professionalism, integrity, and innovation.

I would also like to appreciate the unwavering support from the leadership of the Securities and Exchange Commission, Nigerian Exchange Group , FMDQ, FCCPC, and CSCS. I trust that we all will continue to work together and strengthen the relationship we have built over the years to ultimately contribute to further strengthening and deepening of the Nigerian capital market.

In closing, let me state unequivocally that I am immensely proud of all that we have accomplished together, and I look forward to witnessing the Association's future successes.

Thank you.

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, 2022, 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, 2022, 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.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

SIAO

SIAO - Accomplish More

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.

In accordance with the Financial Reporting Council of Nigeria Act 2011 and the Companies and Allied Matters Act, 2020, 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.

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 2022

STATEMENT OF FINANCIAL POSITION

	Note	2022 ₦	2021 ₦
ASSETS			
NON CURRENT ASSET			
Property, Plant & Equipment	6	**1,038,868**	558,935
TOTAL NON CURRENT ASSET		**1,038,868**	558,935
CURRENT ASSETS			
Cash and Cash Equivalents	5	**177,386,968**	145,949,262
Financial Assets:			
At amortized cost	7	**229,463,545**	206,242,143
Other receivables	8	**8,253,484**	8,303,487
TOTAL CURRENT ASSETS		**415,103,997**	360,494,893
TOTAL ASSETS		**416,142,865**	361,053,828
FUND AND LIABILITY:			
Accumulated Fund	10	**412,766,798**	358,783,783
TOTAL FUND		**412,766,798**	358,783,783
CURRENT LIABILITY			
Trade and Other Payables	9	**3,376,067**	2,270,045
TOTAL CURRENT LIABILITY		**3,376,067**	2,270,045
TOTAL FUND AND LIABILITY		**416,142,865**	361,053,828

These financial statements were approved by the Executive Committee on 15th June, 2023 and signed on its behalf by:

President

Treasurer

The accounting policies on pages 15 to 29 and the notes on pages 30 to 38 form integral parts of these financial statements.

STATEMENT OF INCOME AND EXPENDITURE

	Note	2022 ₦	2021 ₦
INCOME			
Membership Subscriptions	**11**	**35,100,000**	22,500,000
Other Income	**12**	**50,319,037**	42,248,169
		85,419,037	64,748,169
Expenditure	**13**	**(31,436,022)**	(28,411,536)
SURPLUS FOR THE YEAR		**53,983,015**	36,336,634

-

The accounting policies on pages 15 to 29 and the notes on pages 30 to 38 form integral parts of these financial statements.

STATEMENT OF CASH FLOWS

	NOTES	2022 ₦	2021 ₦
Cash Flow from Operating Activities			
Subscription income	11	**35,100,000**	22,500,000
Interest Income: (Bond, Tbills, Fixed Deposit and other interest income	12	**32,811,712**	28,748,169
Other Income	12	**17,507,325**	13,500,000
Expenditures Financing	13	**(31,436,022)**	(28,411,536)
Operating Surplus before Changes in Operating Assets/Liabilities		**53,983,015**	36,336,634
Add Depreciation	6	**395,067**	326,860
Changes in Operating Assets/Liabilities			
[Decrease in Receivables	8	**50,003**	983,272
(Decrease) in Payables	9	**1,106,022**	(31,113)
Net Cash Flow from Operating Activities		**55,534,107**	37,615,653
Cash Flow from Investing Activities			
Purchase of Property, Plant & Equipment	6	**(875,000)**	-
Net Cash Flow from Investing Activities		**(875,000)**	-
Cash Flow from Financing Activities		**-**	-
Net Increase in Cash and Cash Equivalents		**54,659,107**	37,615,653
Cash and Cash Equivalents at the Beginning of the Year		**203,702,949**	166,087,297
Cash and Cash Equivalents at the End of the Year		**258,362,056**	203,702,949
Cash and Cash Equivalents			
Comprises of:			
Cash and Cash Equivalents	5	**177,386,968**	145,949,262
At amortized cost	7	**80,975,087**	57,753,687
		258,362,056	203,702,949

The accounting policies on pages 15 to 29 and the notes on pages 30 to 38 form integral parts of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUND

	Accumulated Fund ₦	Total ₦
Balance as at 1st January 2022	**358,783,783**	358,783,783
Surplus for the Year	**53,983,015**	53,983,015
Other Comprehensive Income	**-**	-
Total Comprehensive Income for the Year	**53,983,015**	53,983,015
Balance as at 31st December 2022	**412,766,798**	412,766,798
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

The accounting policies on pages 15 to 29 and the notes on pages 30 to 38 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 as amended. 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).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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) 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 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.

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 New Standards and Interpretations

4.0 Standards and interpretations effective and adopted in the current year

Amendments to the following standard(s) became effective in the annual period starting from 1st January, 2022. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

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 amendment is for years beginning on or after 1 January 2022.
The company has adopted the amendment for the first time in the 2022 financial statements.
The impact of the amendment is not material.

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 amendment is for years beginning on or after 1 January 2022.
The company has adopted the amendment for the first time in the 2022 financial statements.
The impact of the amendment is not material.

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 amendment is for years beginning on or after 1 January 2022.
The company has adopted the amendment for the first time in the 2022 financial statements.
The impact of the amendment is not material.

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 amendment is for years beginning on or after 1 January 2022.
The company has adopted the amendment for the first time in the 2022 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 effective for annual

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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 deferred tax 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 time of the transaction affects neither accounting profit nor 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 effective date of the amendment is for years beginning on or after 1 January 2023.
The impact of this amendment is currently 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.
It is unlikely that the amendment will have a material impact on the company's financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2022 ₦	2021 ₦
5 Cash and Cash Equivalents		
First Bank of Nigeria (Naira Account)	44,981,814	23,133,642
First Bank of Nigeria - Call Account	1,025,821	1,025,717
Money Market Fund (MMF)	72,642,407	67,339,670
Access Bank	1,563,058	1,556,042
Fixed deposit / VFD Bridge	57,173,865	52,894,192
	177,386,968	145,949,262

6 Property Plant & Equipment

	FURNITURE & FITTINGS ₦	OFFICE EQUIPMENT ₦	MOTOR VEHICLES ₦	PLANT & MACHINERY ₦	TOTAL ₦
COST					
At 1 January 2022	7,827,320	2,911,213	3,426,000	156,020	14,320,553
Additions	-	875,000	-	-	875,000
At 31 December 2022	**7,827,320**	**3,786,213**	**3,426,000**	**156,020**	**15,195,553**
DEPRECIATION					
At 1 January 2022	7,767,540	2,449,068	3,389,000	156,010	13,761,618
Charge for the Year	28,270	329,807	36,990	-	395,067
At 31 December 2022	**7,795,810**	**2,778,874**	**3,425,990**	**156,010**	**14,156,685**
Net Book Value					
At 31 December 2022	**31,510**	**1,007,339**	**10**	**10**	**1,038,868**
At 31 Dec. 2021	59,780	462,145	37,000	10	558,935

	FURNITURE & FITTINGS ₦	OFFICE EQUIPMENT ₦	MOTOR VEHICLES ₦	PLANT & MACHINERY ₦	TOTAL ₦
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022 ₦	2021 ₦
7	**Financial Assets At Amortized cost**		
	FGN Bonds (7.1)	148,488,456	148,488,456
	UBA PLC (Global Investor Services)	23,554,790	187
	Fixed deposit Above 90days	17,040,531	15,504,346
	FBNQuest M Bank (Commercial paper)	40,379,768	42,249,154
		229,463,545	206,242,143
	Fixed deposit Above 90days refers to the association's fixed deposit with VFD Bridge (180days @7.25%, 180days @12.75%, and 105days @12.75%)		
7.1	**FGN Bond**		
	FGN Bond	**148,488,456**	148,488,456
	This refers to the association's investment in FGN Bond for a period of Six (6) years (December 2019 - January 2026)		
8	**Other Receivables**		
	Other receivables(8.1)	8,253,484	8,303,487
		8,253,484	8,303,487
8.1	**Other receivables**		
	Accrued Income (8.2)	7,857,650	7,857,653
	Staff Loan	-	50,000
	Prepayments(Staff Housing) (8.3)	133,333	133,333
	Prepayment Secretariat Rent (8.4)	262,500	262,500
		8,253,484	8,303,487
8.2	**Accrued Income**		
	Accrued Income (BOND)	7,857,650	7,857,653
		7,857,650	7,857,653
	The accrued income refers to interest income from the association's FGN Bond for July to December 2022, which would be received in January 2023.		
8.3	**Prepayment (Staff Housing)**		
	Opening Balance	133,333	1,150,000
	Additions	320,000	320,000
	Amortization	(320,000)	(1,336,667)
		133,333	133,333
8.4	**Prepayment Secretariat Rent/ service charge**		
	Opening Balance	262,500	262,500
	Additions	1,050,000	1,050,000
	Amortization	(1,050,000)	(1,050,000)
		262,500	262,500

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

		2022 ₦	2021 ₦
9	**Trade and Other Payables**		
	Other Payables:		
	Accrued Paye	163,555	40,889
	Provision for Accounting fee	537,500	537,500
	Provision for Audit fee	1,290,000	1,290,000
	Deferred subscription income	1,000,000	-
	Withholding Tax payable	270,000	270,000
	Accrued Expenses	115,012	131,656
		3,376,067	2,270,045
	Accrued expenses refers to accrued UBA GIS Custody Fee which is yet to be paid at the end of the year.		
10	**Accumulated Fund**		
	As at 1 January	358,783,783	322,447,149
	Surplus for the year	53,983,015	36,336,634
	As at 31 December	**412,766,798**	358,783,783

		2022 ₦	2021 ₦
11	**Members' Subscriptions**		
	Subscription Income from members (11.1)	**35,100,000**	22,500,000
11.1	**AIHN Members subscription**		
	Absa Capital Markets Nigeria Ltd(formerly Barclays)	500,000	500,000
	Afrinvest (West Africa) Ltd	500,000	500,000
	Alpha Morgan Capital Advisory Partners Ltd	500,000	500,000
	ARM Securities Limited	-	1,000,000
	AVA Capital	1,000,000	500,000
	Blackbit Limited	-	-
	Boston Advisory Limited	500,000	1,000,000
	Capital Bancorp Plc	500,000	500,000
	Cardinalstone Partners limited	500,000	500,000
	Cedrus Capital	500,000	
	Chapel Hill Denham Advisory Ltd	500,000	500,000
	Chartwell Securities	500,000	-
	Comercio Partners Capital Limited	500,000	500,000
	Constant Capital	1,500,000	
	Cordros Capital Limited	500,000	500,000
	Coronation Merchant Bank Ltd	500,000	500,000
	Credent Capital & Advisory Limited	500,000	500,000
	Diamond Capital & Financial Mkts Ltd	-	-
	Dunn Loren Merrifield Advisory Partners Ltd	500,000	500,000
	EAC Advisory Limited	500,000	500,000
	Ecobank Development Company Ltd	500,000	500,000
	FBNQuest Capital Limited	-	500,000
	FBNQuest Merchant Bank Ltd	500,000	500,000
	FCMB Capital Market Limited	500,000	500,000
	FCSL Asst Mgt	500,000	
	First Ally Capital Limited	500,000	500,000
	FSDH Merchant Bank	500,000	500,000
	FSL Securities Ltd	500,000	500,000
	Future View Financial	1,500,000	-
	Greenwich Trust Limited	500,000	500,000
	Interstate Securities Limited	500,000	500,000
	Investment One Financial Services Ltd	500,000	500,000
	Iron Global Market	500,000	-
	Iworld Financial Services Limited	250,000	-
	Kairos Capital Limited	500,000	500,000
	Lead Capital Plc	500,000	1,000,000
	Light House Capital	500,000	500,000
	Lotus Financial Services Limited	500,000	500,000
	Mainstreet Bank Capital Limited	500,000	-
	MBC Capital Ltd	1,000,000	-
	Unspecified	500,000	
	Meristem Securities	1,000,000	-
	Morgan Capital	500,000	-
	Norrenberger Investment & Capital Mgt. Ltd	-	500,000
	NSL Capital Partners Limited	500,000	500,000
	PAC Capital Limited	1,850,000	-
	Planet Capital Limited	-	-
	Quantum Zenith Capital & Investment Limited	500,000	500,000
	Radix Capital Partners Ltd	500,000	-
	Rand Merchant Bank Nigeria Ltd	500,000	500,000
	Renaissance Securities Nigeria Ltd	500,000	500,000
	Rusumo Capital & Investment Advisers Ltd	-	-
	SCM Capital Ltd	1,000,000	-
	Sewa Capital	500,000	
	SFS Financial Services Ltd	500,000	500,000
	Stanbic IBTC Capital Ltd	500,000	500,000
	Standard Chartered Capital and Advisory Nigeria Ltd	500,000	500,000
	Tiddo Securities	500,000	500,000
	UCML	500,000	500,000
	United Capital PLC	500,000	1,000,000
	Vetiva Capital Management Ltd	1,000,000	500,000
	SAMTL Capital	1,500,000	
	PAC Capital Limited	500,000	
	Mainstreet Bank Capital Limited	500,000	
		35,100,000	22,500,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2022 ₦	2021 ₦
12 Other Income		
Investment income - Bond	18,750,000	18,710,517
Interest on Fixed deposit	5,815,858	4,276,200
Interest Income- (Tbills)	5,302,738	2,724,823
Other Interest Income	2,943,116	3,036,630
Other Income	1,782,325	500,000
Sponsorship Income (12.1)	15,225,000	12,600,000
Application for Registration	500,000	400,000
	50,319,037	42,248,169
12.1 SPONSORSHIP INCOME		
Award Sponsorship/ Banwo & Ighodalo	500,000	-
Award Sponsorship/ Afrinvest	1,000,000	2,000,000
Award Sponsorship/ RMB	5,000,000	-
Award Sponsorship/CardinalStone	100,000	-
Award Sponsorship 2021/ Airtel	1,025,000	-
Award Sponsorship/ FSL Securities	100,000	-
Award Sponsorship/PAC Capital	1,500,000	-
Award Sponsorship/UCML Capital	500,000	500,000
Award Sponsorship/Stanbic IBTC	1,000,000	-
United Capital	1,000,000	-
Chapel Hill Denham	2,500,000	-
FBNQuest Merchant Bank	1,000,000	-
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
	15,225,000	12,600,000
13 Expenditure		
Annual Dinner	16,064,228	10,630,243
Annual General Meeting Expenses	2,417,625	2,657,561
Audit Fee	1,290,000	1,290,000
Bank Charges	41,376	42,738
Computer Expenses	58,500	42,100
Courier Expenses	-	33,192
Depreciation	395,067	326,860
Dispatch Expenses	169,150	-
Gift	120,000	90,000
UBA GIS Custordy Fee	92,837	91,749
Meeting and Seminar Expenses	-	111,478
Office Running Expenses	100,700	117,600
Email&Zoom subscription	312,414	115,127
Website/Internet Expense	499,595	50,000
Printing	815,925	1,291,756
Rent (Office)	900,000	900,000
I.T Consulting Fee	-	1,100,000
Professional Fee	639,500	537,500
Service Charge (Office)	150,000	150,000
Traveling Expenses	1,220,996	405,800
Utilities (Diesel and Lightening)	527,448	375,176
Vehicle Running Expenses	-	-
Staff Cost (Note 15)	5,435,661	5,756,958
Severance Package	-	210,000
Telephone Expenses	92,000.00	50,500
Cleaning Expense	93,000	35,200
Donation (Funeral)	-	2,000,000
	31,436,022	28,411,536

13.1 SIAO rendered non-audit service to the Association during the year under review for a professional fee of N639,500 (Inclusive of Re-imbursables).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

	2022 N	2021 N
14 STAFF COSTS		
Salary and wages	5,378,661	5,715,958
Leave allowance	16,000	-
Bonus (13th Month)	41,000	41,000
	5,435,661	5,756,958

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:

N		N	2022 N	2021 N
300,001	-	1,000,000	1	1
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	2

15. 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15 (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:

	2022 N	2021 N
Other receivables	8,253,484	8,303,487
Cash and cash equivalents	177,386,968	145,949,262
	185,640,452	**154,252,749**

Cash and Cash equivalents

The cash and cash equivalents held as at 31 December 2022 was N176,954,513 (2021: N145,949,262). The cash and cash equivalents are held by banks and financial institutions in Nigeria.

15(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 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Non-Derivative Financial Liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1 - 2 years	2 - 5 years	5 - 10 years
31 December 2022						
Other payables	3,376,067	3,376,067	3,376,067	-	-	-
	3,376,067	**3,376,067**	**3,376,067**	**-**	**-**	**-**
31 December 2021						
Other payables	2,270,045	2,270,045	2,270,045	-	-	-
	2,270,045	**2,270,045**	**2,270,045**	**-**	**-**	**-**

15 (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.

16 Capital Commitments

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

17 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 or result of operations at the statement of financial position date.

18 Contingent Liability

No contingent liabilities in respect of the year under review.

19 Approval of Financial Statements

The Financial Statements were approved by the Executive Committee Members on 15th June, 2023

STATEMENT OF VALUE ADDED

	2022 N		2021 N	
GROSS INCOME- Members Subcription	35,100,000		22,500,000	
Less: Cost of Goods and Services (Local)	(25,605,294)		(22,327,718)	
Value Added from Operations	9,494,706		172,282	
Other Income	50,319,037		42,248,169	
Value Added	**59,813,742**	**100**	42,420,450	100
Distributed as follows:				
Employees				
Salaries	5,435,661	9	5,756,958	14
Provided for Asset Replacement				
Depreciation	395,067	1	326,860	1
Surplus	53,983,015	90	36,336,634	86
Value Added	**59,813,742**	**100**	42,420,450	100

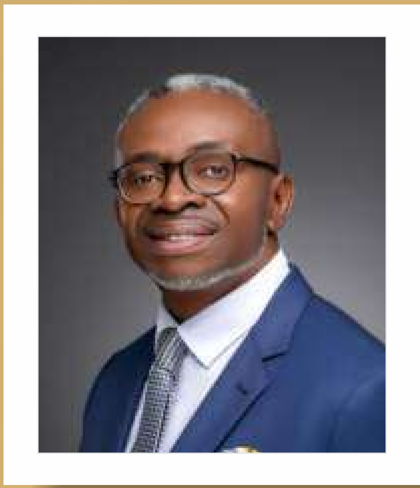
Value added represents the additional wealth the Association has been able to create by its own and direct public support. This statement shows the allocation of the wealth between employees shareholders, government and that retained for the future creation of more wealth.

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	IFRS 2022 ₦	IFRS 2021 ₦	IFRS 2020 ₦	IFRS 2019 ₦	IFRS 2018 ₦
ASSETS					
Cash and Cash Equivalents	177,386,968	145,949,262	134,123,842	56,971,862	25,156,979
Property, Plant & Equipment	1,038,868	558,935	885,795	1,121,505	845,439
Financial Assets	229,463,545	206,242,143	180,451,911	232,847,588	223,505,938
Other receivables	8,253,484	8,303,487	9,286,759	9,499,213	10,578,245
TOTAL ASSETS	**416,142,865**	**361,053,828**	**324,748,307**	**300,440,171**	**260,086,601**
FUND AND LIABILITY:					
Accumulated Fund	412,766,798	358,783,783	322,447,149	297,802,763	258,031,602
CURRENT LIABILITY					
Other Payables	3,376,067	2,270,045	2,301,158	2,637,408	2,055,000
TOTAL FUND AND LIABILITY	**416,142,865**	**361,053,828**	**324,748,307**	**300,440,171**	**260,086,601**
STATEMENT OF PROFIT OR LOSS					
Income	85,419,037	64,748,169	49,922,236	79,491,945	54,093,072
Expenditure	(31,436,022)	(28,411,536)	(25,277,851)	(41,026,256)	(49,517,174)
Surplus	**53,983,015**	**36,336,634**	**24,644,386**	**38,465,689**	**4,575,898**

EXECUTIVE COMMITTEE MEMBERS



IKE CHIOKE - President

KEMI AWODEIN - Vice President

EGIE AKPATA - Secretary of Administration

AMAKA NSOFOR - Secretary of Finance

ABIMBOLA KASIM - Secretary of Treasury

CHIDI IWUCHUKWU - Secretary of Publicity

NOTES

AIHN

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

2022

ANNUAL REPORT