ASSOCIATION OF ISSUING HOUSES OF NIGERIA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2012

SIAO - Accomplish More

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FOR THE YEAR ENDED 31ST DECEMBER 2012

CONTENTS

Corporation Information

Executive Committee Members

Mr Bolaji Balogun	Chairman
Mr. Victor Ogiemwonyi	Vice Chairman
Mr. Ebi Enaholo	Director of Administration
Mr. Chris Okenwa	Director of Finance
Mrs. Abiola Macaulay	Director of Treasury
Mr. Dafe Oraka	Director of Publicity
Mrs. Tairat Tijani	Asst. Director of Administration
Happy Aboiri	Executive Secretary

Registered Office	Plot 1310, Karimu Kotun Street Victoria Island Lagos.
Auditors	SIAO 18B, Olu Holloway Road Ikoyi Lagos.
Bankers	First Bank of Nigeria Limited Diamond Bank Plc

EXECUTIVE COMMITTEE'S REPORT

The Executive committee has the pleasure of presenting the audited financial statements for the year ended 31st December, 2012.

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.

Operating Results

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

	2012 N
Total Income	21,900,000
Surplus for the year	10,254,912

STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Companies and Allied Matters Act, CAP C20 LFN 2004 requires the Executive Committee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that year. In preparing those accounts, the Executive Committee is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in the foreseeable future.

The Executive Committee is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and enable them to ensure that the accounts comply with part C of the Companies and Allied Matters Acts, CAP C20 LFN 2004. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Director	Director

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF ASSOCIATION OF ISSUING HOUSES IN NIGERIA

Report on the financial statements

We have audited the accompanying financial statements of **Association of Issuing Houses of Nigeria** as at December 31,2012, set out on pages 8 to 16 which have been prepared on the basis of the significant accounting policies on pages 6 to 7 and other explanatory notes on pages 11 to 15.

Committee's responsibilities for the financial statements

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004 and Financial Reporting Council Act, 2011. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing issued by the institute of Chartered Accountants of Nigeria and International Standards on Auditing issued by the International Federation of Accountants. These standards require that we comply with ethical requirements, plan, and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the Association has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act, CAP C20, LFN 2004. The financial statements give a true and fair view of the financial position of **Association of Issuing Houses of Nigeria** as at 31st December, 2012, and of its financial performance and its cash flows for the year ended in accordance with the Statement of Accounting Standards issued by the Financial Reporting Council of Nigeria.

Joshua Ansa, FCA
FRC/2012/ICAN/00000001728
For: SIAO (Chartered Accountants)
Lagos, Nigeria

Date:...................................

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

1. **Basis of Preparation**
The financial statements have been prepared under the historical cost convention and comply with the relevant statements of Accounting Standards issued by the Nigerian Accounting Standards Board. The financial statements are presented in the functional currency, Nigeria Naira.

2. **Property, Plant and Equipment**
Property, Plant and Equipment are stated at the cost/valuation, less depreciation on a straight-line basis over the estimated useful life of the assets, taking into consideration any residual value, excluding the costs of day-to-day servicing.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

3. **Depreciation on Property, Plant and Equipment**
Depreciation is provided to write off the cost of property, plant and equipment during their expected useful lives on a straight-line basis. The principal annual rates of depreciation, which are consistent with those of previous years, are:

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

Depreciation is not provided on property, plant and equipment until they are brought into use.

4. **Debtors**
Debtors are stated after deduction of specific provisions for any debt considered doubtful of recovery. Debts considered bad and irrecoverable are written off.

5. **Repair and Renewals**
Normal repairs and renewals are written off as incurred but those that are capital in nature are capitalized.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONT'D

6. Income Recognition

1. Subscriptions are accounted for on cash basis.
2. Interest income is accounted for on accrual basis

7. Provisions

Provisions are recognised when the Association has present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations in accordance with the Statement of Accounting Standard (SAS 23).

8. Cash and Cash Equivalent:

For the purpose of reporting cashflows, cash and cash equivalent include cash in hand, cash balances with banks, and short term deposits with banks (if any).

9. Taxation

The association is a non-profit making organization which qualifies it for income tax exemption under section 23 (1) (i) of CITA CAP C21 LFN 2004.

INCOME AND EXPENDITURE STATEMENT

	Notes	2012 ₦	*2011* *₦*
INCOME			
Members' Subscriptions	9	21,900,000	*22,500,000*
Investment Income		10,886,614	*6,400,273*
Other income	10	1,347,000	*1,970,419*
		34,133,614	*30,870,692*
EXPENDITURE			
Annual General Meeting Expenses		1,407,000	*1,064,000*
Seminar Expenses		7,800,000	*6,000,000*
Meeting expenses		137,940	*1,168,470*
Wages and salaries		4,773,400	*6,686,726*
Advert and Publicity		-	*448,012*
Printing		41,530	*32,500*
Office running expenses		544,644	*699,420*
Rent		2,829,167	*3,250,000*
Depreciation		1,966,752	*1,862,504*
Miscellaneous		47,094	*60,376*
Bank Charges		235,651	*104,202*
Travelling Expenses		560,790	*34,000*
Vehicle running expenses		283,191	*575,215*
Staff welfare		100,000	*266,000*
Value Added Tax		132,000	*70,250*
Audit fee		1,200,000	*1,000,000*
Gifts		1,703,500	-
Staff training		100,000	-
Despatch expenses		16,044	-
		23,878,702	*23,321,675*
Surplus transferred to accumulated fund		10,254,912	*7,549,017*

The accounting policies on pages 6 to 7 and the notes on pages 11 to 15 form an integral part of these financial statements

BALANCE SHEET

	NOTES	2012	*2011*
		₦	*N*
ASSETS			
Cash at bank	5	31,753,231	*122,762,400*
Investment	4	115,000,000	*15,000,000*
Debtors and prepayment	3	4,162,517	*941,684*
Fixed Asset	1	3,133,795	*4,890,547*
TOTAL ASSETS		154,049,543	*143,594,631*
LIABILITIES			
Due to Joint CommitteeSEC/AIHN	6	232,072	*232072*
Other Payables	7	1,480,000	*1,280,000*
		1,712,072	*1,512,072*
NET ASSETS		152,337,471	*142,082,559*
FINANCED BY:			
Accumulated Fund	8	152,337,471	*142,082,559*

These financial Statements were approved by the Executive Committee on _______________
and signed on its behalf by their:

____

_______________________________ Directors

The accounting policies on pages 6 to 7 and the notes on pages 11 to 15 form an integral part of these financial statements

CASHFLOW STATEMENT

	2012	*2011*
	₦	*₦*
Cash Flow from Operating Activities		
Cash received	34,133,614	*30,870,692*
cash paid to suppliers	(21,911,950)	*(21,459,171)*
Operating profit before changes in operating assets/liabilities	12,221,664	*9,411,521*
Changes in Operating Assets/Liabilities		
Debtors and prepayments	(3,220,833)	*4,349,990*
Liabilities	200,000	*-*
Net Cash provided by operating activities	9,200,831	*13,761,511*
Cash Flow from Investing Activities		
Purchase of fixed assets	(210,000)	*-*
Net Cash Flow from Investing Activities	(210,000)	*-*
Net Increase/Decrease in Cash and Cash Equivalents	8,990,831	*13,761,511*
Cash and cash equivalents at the beginning of the year	137,762,400	*124,000,889*
Cash and cash equivalents at the end of the year	146,753,231	*137,762,400*

The accounting policies on pages 6 to 7 and the accompanying notes on pages 11 to 15 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. The Association

The Association of Issuing Houses of Nigeria is registered as an incorporated trustee under Part C of the Company and Allied Matters Act, Cap C20 LFN 2004
The Association consists of financial institutions 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, enable professional development for its member issuing houses and promote free interplay of market forces.

2 Property Plant & Equipment

	Office furniture and fittings	OFFICE EQUIPMENT	MOTOR VEHICLES	PLANT & MACHINERY	TOTAL
	20%	20%	20%	20%	
	=N='000	=N='000	=N='000	=N='000	=N='000
COST					
At 1 January 2012	7,875,920	1,647,724	2,146,000	45,000	11,714,644
Additions	-	-	210,000	-	210,000
As At 31/12/2012	7,875,920	1,647,724	2,356,000	45,000	11,924,644
DEPRECIATION					
At 1 January 2012	3,561,731	1,137,891	2,113,975	10,500	6,824,097
Charge for the year	1,575,184	329,545	53,023	9,000	1,966,752
At 31 December 2012	5,136,915	1,467,436	2,166,998	19,500	8,790,849
Net Book Value as at 31/12/2012	2,739,005	180,288	189,002	25,500	3,133,795
Net Book Value as at 31/12/11	*4,314,189*	*509,833*	*32,025*	*34,500*	4,890,547

NOTES TO THE FINANCIAL STATEMENTS CONT'D

	2012	2011
	₦	₦
3 Debtors and Prepayments		
Debtors	3,000,000	-
Prepayments	1,162,517	941,684
	4,162,517	941,684
4 Investments		
FGN Treasury Bills (Fidelity Securities)	100,000,000	-
FGN Treasury Bills (FBN)	15,000,000	15,000,000
	115,000,000	15,000,000
5 Cash at Bank		
Cash at hand	-	42,094
Call Account-First bank of Nigeria PLC	4,312,282	1,130,570
Call Account- Fidelity Bank	2,996,927	-
Fixed deposit	19,692,787	106,295,980
Current account-First Bank of Nigeria PLC	439,866	10,588,743
Current account-Diamond Bank PLC	-	393,486
Current account-Joint with NSE	1,146,079	1,146,157
Current account-Joint with SEC	3,165,292	3,165,370
	31,753,231	122,762,400
6 Due to joint Committee SEC/ AIHN		
Due to joint Committee SEC/ AIHN	232,072	232,072
	232,072	232,072

This is a liability arising from a pledged commitment made by the principal officers to the Joint committee of the Securities and Exchange Commission(SEC)/Association of Issuing Houses of Nigeria (AIHN) to support the activities of the joint committee.

	2012	2011
7 Other payables		
Deferred Euro Money Training Income-HNB Truste	280,000	280,000
Provision for Audit fee	1,200,000	1,000,000
	1,480,000	1,280,000
8 Accumulated Fund		
As at January 1 2012	142,082,559	134,533,542
Surplus for the year	10,254,912	7,549,017
As at December 31 2012	152,337,471	142,082,559

NOTES TO THE FINANCIAL STATEMENTS

	2012	*2011*
9 Members' Subscriptions	₦	*₦*
Access Bank Plc	750,000	*750,000*
Afrinvest (West Africa) Ltd	750,000	*1,750,000*
BGL Plc	750,000	*750,000*
BGLSecurities Limited	750,000	*750,000*
Capital Bancorp Limited	750,000	*4,000,000*
Chapel Hill Denham Group	750,000	*750,000*
Dunn Loren Merrifield	3,500,000	-
Ecobank Nigeria Plc	750,000	*1,750,000*
FBN Capital Limited	750,000	*750,000*
FCMB Capital Markets Ltd	750,000	*750,000*
Federal Mortgage Bank of Nigeria	500,000	-
Fidelity Bank Plc	-	*1,750,000*
Fidelity Securities Ltd	750,000	*750,000*
Greenwich Trust Limited	750,000	*750,000*
Guaranty Trust Bank Plc	750,000	*750,000*
Intercontinental Capital Markets Ltd	750,000	*1,000,000*
Integrated Trust & Investments Limited	500,000	-
Kedari Capital Limited	-	*750,000*
LeadCapital Plc	750,000	*750,000*
MBC Capital Ltd	100,000	-
Pan African Capital Plc	1,000,000	*1,000,000*
Partnership Investment Co. Limited	750,000	*750,000*
Planet Capital Limited	100,000	-
Renaissance Securities Nigeria Limited	750,000	*750,000*
Stanbic IBTC Bank Plc	750,000	*750,000*
Standard Chartered Securities Nigeria Ltd	100,000	-
UBA Capital Ltd	2,500,000	-
Vetiva Capital Management Ltd	750,000	*750,000*
WSTC Financial Services Ltd	100,000	-
	21,900,000	*22,500,000*

	2012	*2011*
10 OTHER INCOME		
Seminar Income	1,197,000	*1,970,419*
Sponsorship income	150,000	-
	1,347,000	*1,970,419*

NOTES TO THE FINANCIAL STATEMENTS

		2012	2011
		N	N
11	**Reconciliation of net surplus to net cash provided by operating activities**		
	Surplus transferred to accumulated fund	10,254,912	7,549,017
	Adjustmnent to reconcile surplus for the year to net cash provided by operating activities:		
	Depreciation	1,966,752	1,862,504
	Changes in assets and liabilities:		
	Increase/ (Decrease) in debtors	(3,220,833)	4,349,990
	Increase in liabilities	200,000	
	Net Adjustments	(1,054,081)	6,212,494
	Net cash provided by operating activities	9,200,831	13,761,511
12	**STAFF COST**		
	Wages and Salaries	4,773,400	6,686,726
	Pension	-	-
		4,773,400	6,686,726
13	**STAFF NUMBER**		
	Average number employed:		
	Management	1	1
	Junior	2	1
		3	2
14	**EMOLUMENTS OF EMPLOYEES**		
	Emoluments of Employees other than executive directors whose emoluments fell within the following range:		
	N100,000 and above	1	1

15 CAPITAL COMMITMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

16 POST BALANCE SHEET

No events or transactions have occurred since the balance sheet 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 balance sheet date.

17 CONTINGENT LIABILITY

No Contingent Liabilities in respect of the year under review.

18 RECLASSIFICATION OF BALANCES

Certain prior year balances have been restated to conform with current year's presentation as well as to ensure proper disclosure in line with the Statement of Accounting Standard No. 2 (SAS 2).

19 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Executive Committee on................................

STATEMENT OF VALUE ADDED

	2012 ₦	%	2011 ₦	%
GROSS INCOME	21,900,000		22,500,000	
Less: Cost of goods and services				
Local	(17,138,550)		(14,772,445)	
Value Added from Operation	4,761,450		7,727,555	
Other Operating Income	12,233,614		8,370,692	
Value Added	16,995,064	100	16,098,247	100
Distributed as follows:				
Employees				
Wages and Salaries	4,773,400	28	6,686,726	42
Provided for Asset Replacement				
Depreciation	1,966,752	12	1,862,504	12
Surplus	10,254,912	60	7,549,017	47
	16,995,064	100	16,098,247	100

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

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

FIVE YEAR FINANCIAL SUMMARY

	2012	2011	2010	2009	2008
	₦	₦	₦	₦	₦
ASSETS					
Fixed Assets	3,133,795	4,890,547	6,753,051	1,857,052	2,692,821
Investment	115,000,000	15,000,000	1,962,000	1,962,000	1,962,000
Debtors & Prepayment	4,162,517	941,684	5,291,674	1,793,340	1,301,667
Bank and Cash	31,753,231	122,762,400	122,038,889	29,701,231	23,565,353
Total Assets	154,049,543	143,594,631	136,045,614	35,313,623	29,521,841
LIABILITIES					
Due to Joint committee SEC/AIHN	232,072	232,072	232,072	232,072	232,072
Other Payables	1,480,000	1,280,000	1,280,000	1,280,000	1,280,000
	1,712,072	1,512,072	1,512,072	1,512,072	1,512,072
NET ASSETS	152,337,471	142,082,559	134,533,542	33,801,551	28,009,769
Financed By:					
Accumulated fund	152,337,471	142,082,559	134,533,542	33,801,551	28,009,769
Shareholders' Fund	152,337,471	142,082,559	134,533,542	33,801,551	28,009,769
Income	34,133,614	30,870,692	123,761,577	25,199,621	31,115,995
Expenditure	(23,878,702)	(23,321,675)	(23,029,586)	(19,407,839)	(16,300,945)
Surplus for the year	10,254,912	7,549,017	100,731,991	5,791,782	14,815,050