ASSOCIATION OF ISSUING HOUSES OF NIGERIA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2014

SIAO - Accomplish More

(Chartered Accountants)
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Corporation Information

Executive Committee Members

Mr. Victor Ogiemwonyi	Chairman
Mr. Sonnie Ayere	1st Vice Chairman
Mr. Chuka Eseka	2nd Vice Chairman
Mr. Chris Okenwa	Director of Finance
Mrs. Tairat Tijani	Director of Administration
Mrs. Onoise Onaghinon	Director of Treasury
Mr. Dafe Oraka	Director of Publicity
Mr. Kenneth Ero	Asst. Director of Administration
Mr. Happy Aboiri	Executive Secretary

Registered Office	16 Amodu Ojikutu Street, Off Bishop Oluwole Victoria Island Lagos.
Auditors	SIAO 18B, Olu Holloway Road Ikoyi Lagos.
Bankers	First Bank of Nigeria Limited

EXECUTIVE COMMITTEE'S REPORT

The Executive committee has the pleasure of presenting the audited financial statements for the year ended 31st December, 2014.

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:

	2014
	N
Members' Subscription	18,550,000
Total Income	35,345,093
Surplus for the year	10,882,130

The results for the year are set out in the Income and Expenditure account on page 9.

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, 2014, set out on pages 8 to 10 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 14.

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, 2014, 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/2014/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.

9. Taxation

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

ASSOCIATION OF ISSUING HOUSES OF NIGERIA

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014

BALANCE SHEET

	Notes	2014	*2013*
		₦	*₦*
ASSETS			
Cash at bank	2	3,950,871	*27,531,940*
Investment	3	171,400,000	*136,700,000*
Debtors and prepayment	4	2,551,770	*568,341*
Fixed Asset	5	2,333,712	*4,157,710*
TOTAL ASSETS		180,236,353	*168,957,991*
LIABILITIES			
Due to Joint Committee - SEC/AIHN	6	232,072	*232,072*
Other Payables	7	3,089,748	*2,293,894*
		3,321,820	*2,525,966*
NET ASSETS		176,914,533	*166,432,025*
FINANCED BY:			
Accumulated Fund	8	176,914,533	*166,432,025*

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

____

_________________________________ Directors

The accounting policies on pages 6 to 7 and the notes on pages 11 to 14 form an integral part of these financial statements.

INCOME AND EXPENDITURE ACCOUNT

	Notes	2014 ₦	*2013* *₦*
INCOME			
Members' Subscriptions	9	18,550,000	*22,200,000*
Investment Income	10a	15,886,405	*13,105,357*
Other income	10b	908,689	*1,937,726*
		35,345,094	*37,243,083*
EXPENDITURE			
Annual General Meeting Expenses		1,866,604	*1,396,635*
Meeting and Seminar Expenses		3,873,656	*3,302,290*
Wages and Salaries		5,264,808	*5,137,368*
Printing		103,500	*266,505*
Office Running Expenses		654,230	*575,375*
Rent		1,800,000	*3,049,500*
Depreciation		1,919,204	*1,961,695*
Bad Debt		-	*3,000,000*
Office Partitioning		588,300	*-*
Miscellaneous		60,000	*89,000*
Bank Charges		209,818	*76,485*
Travelling Expenses		606,300	*750,270*
Vehicle Running Expenses		368,160	*379,605*
Staff Welfare		200,400	*117,400*
Audit Fee		1,200,000	*1,200,000*
Professional Fee		-	*525,000*
Sponsorship		5,000,000	*-*
Insurance		97,200	*121,500*
Staff Training		123,000	*105,000*
Despatch Expenses		5,250	*4,200*
Generator Expense		-	*21,080*
Utilities (Diesel and Lightening)		435,001	*-*
Expenditure on Operating Activities		24,375,431	*22,078,908*
Loss on asset disposal		87,533	*-*
Total Expenditure		24,462,964	*22,078,908*
Surplus transferred to accumulated fund		10,882,131	*15,164,175*

The accounting policies on pages 6 to 7 and the notes on pages 11 to 14 form an integral part of these financial statements

CASHFLOW STATEMENT

	Notes	2014 ₦	*2013* *₦*
Cash Flow from Operating Activities			
Cash received		35,344,994	*37,243,083*
Cash paid to suppliers		(24,226,063)	*(16,978,764)*
Net Cash generated from Operating Activities	11	11,118,931	*20,264,319*
Cash Flow from Investing Activities			
Purchase of fixed assets		-	*(2,985,610)*
Profit from disposal of fixed asset		-	*200,000*
Net Cash outflow from Investing Activities		-	*(2,985,610)*
Net Increase/ (Decrease) in Cash and Cash Equivalents		11,118,931	*17,478,709*
Cash and cash equivalents at the beginning of the year		164,231,940	*146,753,231*
Cash and cash equivalents at the end of the year		175,350,871	*164,231,940*
Comprises of:			
Cash and cash equivalents	2	3,950,871	*27,531,940*
Investments	3	171,400,000	*136,700,000*
		175,350,871	*164,231,940*

The accounting policies on pages 6 to 7 and the accompanying notes on pages 11 to 14 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 of its member issuing houses and promote free interplay of market forces.

	2014	*2013*
	₦	*₦*
2 Cash at Bank		
Cash at hand	-	-
Call Account-First bank of Nigeria PLC	824,385	*635,502*
Call Account- Fidelity Bank	1,163,661	*3,785,211*
Fixed deposit	-	*21,130,513*
Current account-First Bank of Nigeria PLC	1,085,680	*1,531,219*
Current account-Joint with NSE	235,586	*122,233*
Current account-Joint with SEC	641,559	*327,263*
	3,950,871	*27,531,940*
3 Investments		
FGN Treasury Bills	167,100,000	*132,400,000*
FGN Treasury Bills - Joint with SEC	3,160,000	*3,160,000*
FGN Treasury Bills - Joint with NSE	1,140,000	*1,140,000*
	171,400,000	*136,700,000*
4 Debtors and Prepayments		
Debtors	100	-
Prepayments	2,551,670	*568,341*
	2,551,770	*568,341*

5 Property Plant & Equipment

	FURNITURE & FITTINGS 20% N'000	OFFICE EQUIPMENT 20% N'000	MOTOR VEHICLES 20% N'000	PLANT & MACHINERY 20% N'000	TOTAL N'000
COST					
At 1 January 2014	7,875,920	1,772,314	5,106,000	156,020	14,910,254
Adjustments	-	-	-	-	-
Additions	-	-	-	-	-
Disposal	(404,000)	-	(2,050,000)	-	(2,454,000)
As At 31/12/2014	7,471,920	1,772,314	3,056,000	156,020	12,456,254
DEPRECIATION					
At 1 January 2014	6,360,745	1,625,383	2,732,365	34,051	10,752,544
Adjustments	(19,468)	(156,773)	(6,498)	-	(182,739)
Charge for the year	1,143,030	148,170	596,800	31,204	1,919,204
Disposal	(316,467)	-	(2,050,000)	-	(2,366,467)
At 31 December 2014	7,167,840	1,616,780	1,272,667	65,255	10,122,542
Net Book Value as at 31/12/2014	304,080	155,534	1,783,333	90,765	2,333,712
Net Book Value as at 31/12/13	*1,515,175*	*146,931*	*2,373,635*	*121,969*	4,157,710

	2014 ₦	*2013 ₦*
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.

	2014	2013
7 Other payables		
With holding Tax Payable	360,000	-
PAYE Tax	45,033	-
Euro Money Training : HNB Trustees	280,000	*280,000*
Deferred Income: Interest Income on Investments	1,189,115	*813,894*
Provision for Audit fee	1,200,000	*1,200,000*
Other payables	15,600	-
	3,089,748	*2,293,894*
8 Accumulated Fund		
As at January 1 2014	166,432,025	*151,487,471*
Prior Year Adjustment: Investment Income	(399,623)	*(219,621)*
Surplus for the year	10,882,131	*15,164,175*
As at December 31 2014	176,914,533	*166,432,025*

		2014	2013
9	Members' Subscriptions	₦	₦
	Access Bank Plc	-	850,000
	Afrinvest (West Africa) Limited	850,000	850,000
	BGL Plc	-	850,000
	Capital Bancorp Plc	850,000	850,000
	CardinalStone Partners Limited	100,000	-
	Chapel Hill Denham Group	850,000	850,000
	Dunn Loren Merrifield	-	850,000
	Ecobank Development Company Limited	100,000	-
	FBN Capital Limited	850,000	850,000
	FCMB Capital Markets Limited	850,000	850,000
	Federal Mortgage Bank of Nigeria	-	250,000
	Fidelity Securities Limited	850,000	850,000
	Greenwich Trust Limited	850,000	850,000
	Integrated Trust & Investment Limited	500,000	500,000
	Interstate Securities Limited	850,000	100,000
	Investment One Financial Services Limited	850,000	100,000
	LeadCapital Plc	850,000	850,000
	Marina Securities Limited	850,000	950,000
	MBC Capital Limited	850,000	850,000
	PanAfrican Capital Plc	-	1,500,000
	Partnership Investment Co. Plc	850,000	850,000
	Planet Capital Limited	850,000	850,000
	Rand Merchant Bank Nigeria Limited	850,000	950,000
	Renaissance Securities Nigeria Limited	850,000	850,000
	Skye Financial Services Limited	850,000	850,000
	Stabic IBTC Capital Limited	850,000	850,000
	Standard Chartered Securities (Nig.) Limited	850,000	850,000
	UBA Capital Plc	850,000	850,000
	Vetiva Capital Management Limited	850,000	850,000
	WSTC Financial Services Limited	-	850,000
		18,550,000	22,200,000
10	Investment Income		
a	Invesment Income	15,886,405	13,105,357
		15,886,405	13,105,357
b	Other Income		
	Interest - Fixed Deposit	583,689	1,437,726
	Asset Disposal	-	200,000
	Advert	325,000	300,000
		908,689	1,937,726

		2014	2013
11	Reconciliation of net surplus to net cash provided by operating activities	₦	₦
	Surplus transferred to accumulated fund	10,882,131	15,164,175
	Adjustmnent to reconcile surplus for the year to net cash provided by operating activities:		
	Depreciation	1,919,204	1,961,695
	Prior Year Adjustment	(399,623)	(219,621)
	Loss on disposal	87,533	-
	Opening Balance adjustment on Fixed Asset	(182,738)	-
	Sale of Fixed Assets	-	(200,000)
	Changes in assets and liabilities:		
	Increase/ (Decrease) in debtors	(1,983,430)	3,594,176
	Increase in other payables	795,854	(36,106)
	Net Adjustments	236,800	5,100,144
	Net cash provided by operating activities	11,118,931	20,264,319
12	Staff Cost		
	Wages and Salaries	5,264,808	5,137,368
	Pension	-	-
		5,264,808	5,137,368
13	Staff Number		
	Average number employed:		
	Management	1	1
	Junior	2	2
		3	3
14	Emoluments of Employees		
	Emoluments of Employees other than executive directors whose emoluments fell within the following range:		
	N500,000 - N1,000,000	2	2
	N1,000,001 and above	1	1
		1	1

15 Capital Commitments

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

	2014		2013	
	₦	%	₦	%
GROSS INCOME	18,550,000		*22,200,000*	
Less: Cost of goods and services				
Local	(17,191,419)		*(14,979,845)*	
Value Added from Operations	1,358,581		*7,220,155*	
Other Operating Income	16,795,094		*15,043,083*	
Value Added	18,153,676	100	*22,263,238*	*100*
Distributed as follows:				
Employees				
Wages and Salaries	5,264,808	29	*5,137,368*	*23*
Provided for Asset Replacement				
Depreciation	1,919,204	11	*1,961,695*	*9*
Surplus	10,882,131	60	*15,164,175*	*68*
	18,066,143	100	*22,263,238*	*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.

FIVE YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	₦	₦	₦	₦	₦
ASSETS					
Fixed Assets	2,333,712	4,157,710	3,133,795	4,890,547	6,753,051
Investment	171,400,000	136,700,000	115,000,000	15,000,000	1,962,000
Debtors & Prepayment	2,551,770	568,341	4,162,517	941,684	5,291,674
Bank and Cash	3,950,871	27,531,940	31,753,231	122,762,400	122,038,889
Total Assets	180,236,353	168,957,991	154,049,543	143,594,631	136,045,614
LIABILITIES					
Due to Joint committee SEC/AIHN	232,072	232,072	232,072	232,072	232,072
Other Payables	3,089,748	2,293,894	2,330,000	1,280,000	1,280,000
	3,321,820	2,525,966	2,562,072	1,512,072	1,512,072
NET ASSETS	176,914,533	166,432,025	151,487,471	142,082,559	134,533,542
Financed By:					
Accumulated fund	176,914,533	166,432,025	151,487,471	142,082,559	134,533,542
Shareholders' Fund	176,914,533	166,432,025	151,487,471	142,082,559	134,533,542
Income	35,345,094	37,243,083	33,283,614	30,870,692	123,761,577
Expenditure	(24,375,431)	(22,078,908)	(23,878,702)	(23,321,675)	(23,029,586)
Surplus for the year	10,969,664	15,164,175	9,404,912	7,549,017	100,731,991