Securities and Exchange Commission

Consolidated and Separate Financial Statements for the year ended 31 December 2016

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Board of the Commission:

Peter Obi	Chairman*
Mr Olufemi Lijadu	Chairman***
Mallam Mounir H. Gwarzo	Director - General**
Ms. Mary Uduk	Ag. Director General (Effective April 2018)***
Rt. Hon. Zakawanu.I. Garuba	Executive Commissioner, Corporate Services*
Mrs. Sa'adatu Mohammed Bello	Executive Commissioner, Legal and Enforcement*
Barr. Adefunke Abiodun	Member*
Mr. Ugochukwu Ikemba	Member*
Kalli Zaji	Representative, Federal Ministry of Finance*
Okwu Joseph Nnanna	Representative, Central Bank of Nigeria*
Mr. Reginald Karawusa	Secretary*
Mr. Henry Rowland	Ag. Executive Commissioner, Corporate Services (Effective November 2017)***
Mr. Isyaku Tilde	Ag. Executive Commissioner, Operations (Effective November 2017)***
Mr. Reginald Karawusa	Ag. Executive Commissioner, Legal and Enforcement (Effective April 2018)***
Mr Lamido Yuguda	Non-Executive Commissioner***
Mrs Rekiya Ladi	Non-Executive Commissioner***
Dr (Mrs) Angela Adewunmi Sere-Ejembi	Representative of CBN***
Mr Okokon Ekanem	Representative of Federal Ministry of Finance***
Ms. Rachel Olenloa	Secretary to the Commission

*The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, which is yet to nominate their replacement.

** Mallam Mounir H. Gwarzo ceased to be Director-General on 29 November 2017

*** Inaugurated on 24 June 2019

The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, new executive members were inaugurated on 24 June 2019. The business and the governance of the Commission has since been carried out by them in line with section 4 of the Investment and Securities Act 2007.

Auditors	Messrs PricewaterhouseCoopers Chartered Accountants Landmark Tower, 5B Water Corporation Road Victoria Island Lagos
Bankers	Central bank of Nigeria
Head Office	SEC TOWER Plot 272 Samuel Ademulegun Street Central Business District P.M.B. 315, Garki Abuja, Nigeria. www.sec.gov.ng

Lagos Zonal Office	No 3, Idejo Street Opposite Icon House Off Adeola Odeku Street Victoria Island P.M.B. 12638 Marina, Lagos Lagos State.
Kano Zonal Office	African Alliance House (4th Floor) F1, Sani Abacha Way/ Airport Road Opposite KLM Airlines, Kano Kano State.
Port Harcourt Zonal Office	First Bank Building (3rd Floor) 22/24, Aba Road Port Harcourt Rivers State.

The Board of the Securities and Exchange Commission ("the Commission" or "SEC") have pleasure in presenting its audited financial statements for the year ended 31 December, 2016.

These financial statements have been prepared using the International Financial Reporting Standards (IFRS).

1 Legal form

The Commission was established under the Securities and Exchange Commission Act of 1979 as amended by the Investments and Securities Act of 2007.

2 Principal activities

The Commission is charged with the duties of:

(a) regulating investments and securities business in Nigeria;

(b) registering and regulating securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and any other recognised investment exchanges;

(c) registering securities to be offered for subscription or sale to the public;

(d) preparing adequate guidelines and organising training programmes and disseminating information necessary for the establishment of Securities Exchanges and Capital Trade Points;

(e) maintaining surveillance over the securities market to ensure orderly, fair and equitable dealings in securities;

(f) registering and regulating corporate and individual capital market operators and their agents with a view to maintaining proper standards of conduct and professionalism in the securities business;

(g) protecting the integrity of the securities market against abuses arising from the practice of insider trading;

(h) acting as regulatory apex organization for the Nigerian Capital Market including the promotion and registration of self-regulatory organisations and capital market trade associations to which it may delegate its powers;

(i) reviewing, approving and regulating mergers, acquisitions and all forms of business combinations;

(j) promoting investors' education and the training of all categories of intermediaries in the securities industry;

(k) undertaking such other activities as are necessary or expedient for giving full effect to the provisions of the Investments and Securities Act of 2007.

3 Board of the Commission

The composition of the Board of the Commission as provided for under Section 3 of the Investments and Securities Act of 2007 is as stated on page 1 of these financial statements.

4 Operating results for the year

	Group		Commission	
	31 December 2016 N '000	31 December 2015 N '000	31 December 2016 N '000	31 December 2015 N '000
Income	5,336,178	7,131,917	5,257,724	5,681,519
Expenditure	8,701,750	10,792,937	8,418,984	10,577,560
Deficit for the year	**(3,365,572)**	**(3,661,020)**	**(3,161,260)**	**(4,896,041)**

5 Property and equipment

Movements in property and equipment during the year are as shown in note 11 of these financial statements.

6 Financial commitments

The Commission have taken all known liabilities and commitments into consideration in the preparation of these financial statements.

7 Auditors

The auditors, Messrs PricewaterhouseCoopers, have indicated their willingness, to continue in office as auditors of the Commission.

By order of the Commission

Eno Otunba-payne
Secretary to the Commission
Abuja, Nigeria
4 July 2019

Statement of Board's responsibility for the financial statements

In accordance with the provisions of the Investments and Securities Act 2007, the Board of the Commission is responsible for the preparation of financial statements which give a true and fair view of the state of financial affairs of the Commission at the end of the year and its profit or loss in accordance with International Financial Reporting Standards (IFRS).

The responsibilities include ensuring that:

i. the Commission keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Commission and comply with the requirements of the Investments and Securities Act 2007

ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;

iii. the Commission prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Board of the Commission accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in with International Financial Reporting Standard (IFRS).

The Board of the Commission 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 Board of the Commission to indicate that the Commission will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board of the Commission by:

Mr. Olufemi Lijadu
Chairman, Board of the Commission
4 July 2019

Ms. Mary Uduk
Ag. Director-General
4 July 2019

pwc

Independent auditor's report

To the Members of Securities and Exchange Commission

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Securities and Exchange Commission ("the Commission") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investment and Securities Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Securities and Exchange Commission's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

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 *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The board of the Commission are responsible for the other information. The other information comprises Board of the Commission, professional advisers and offices information, Report of the Board of the Commission, Statement of Board's responsibilities, Statement of Value Added and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 the board of the Commission and those charged with governance for the consolidated and separate financial statements

The board of the Commission are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Investment and Securities Act and the Financial Reporting Council of Nigeria Act, and for such internal control as the board determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the board are responsible for assessing the Group'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 board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of board'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 Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group 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.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1428216

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

3 September 2019

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/00000000880

Statement of profit or loss and other comprehensive income

	Note	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Commission December 2016 N '000	Commission 31 December 2015 N '000
Fee income from operations	4	3,627,563	4,392,631	3,627,563	4,392,631
Interest income	5	1,660,077	2,694,700	1,629,593	1,286,850
Other operating income	6	48,538	44,586	568	2,038
Total income		**5,336,178**	**7,131,917**	**5,257,724**	**5,681,519**
Employee benefits expense	7	6,112,209	7,864,063	5,996,721	7,717,682
Depreciation and amortisation expenses	8	309,884	312,884	309,884	312,884
Finance cost	9	6,780	5,025	6,780	5,025
Other operating expenses	10	2,272,877	2,610,965	2,105,599	2,541,969
Total expenditure		**8,701,750**	**10,792,937**	**8,418,984**	**10,577,560**
Deficit for the year		**(3,365,572)**	**(3,661,020)**	**(3,161,260)**	**(4,896,041)**
Other comprehensive income: Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on defined benefit scheme	20	535,505	(548,700)	535,505	(548,700)
Other comprehensive income/(loss) for the year		**535,505**	**(548,700)**	**535,505**	**(548,700)**
Total comprehensive loss for the year		**(2,830,067)**	**(4,209,720)**	**(2,625,755)**	**(5,444,741)**

The accompanying notes are an integral part of these financial statements.

Statement of financial position

	Note	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Commission 31 December 2016 N '000	Commission 31 December 2015 N '000
Assets					
Non-current assets					
Property and equipment	11	3,345,466	3,560,994	3,345,466	3,560,994
Intangible assets	12	30,058	14,390	30,058	14,390
Interest in structured entities	13	-	-	15,000,000	15,000,000
Staff loans and other receivables	14	1,066,374	720,713	1,066,374	720,713
Held to maturity financial assets	15	4,643,249	7,609,367	4,643,249	7,609,367
Prepayments	16	1,989,859	2,772,153	1,989,859	2,772,153
Total non-current assets		**11,075,006**	**14,677,617**	**26,075,006**	**29,677,617**
Current assets					
Staff loans and other receivables	14	873,048	572,602	1,085,880	657,883
Held to maturity financial assets	15	13,779,957	-	13,779,957	-
Cash and bank balances	17	1,386,887	14,578,889	1,327,562	4,343,350
Total current assets		**16,039,892**	**15,151,491**	**16,193,399**	**5,001,233**
Total assets		**27,114,898**	**29,829,108**	**42,268,405**	**34,678,850**
Liabilities					
Non current liabilities					
Retirement benefit obligations	20	324,853	646,472	324,853	646,472
Total non-current liabilities		**324,853**	**646,472**	**324,853**	**646,472**
Current liabilities					
Sundry and other creditors	18	1,010,066	551,612	19,000,074	8,439,167
Provision and accruals	19	657,402	652,922	654,402	652,922
Finance lease	21	-	25,458	-	25,458
Total current liabilities		**1,667,468**	**1,229,992**	**19,654,476**	**9,117,547**
Total liabilities		**1,992,321**	**1,876,464**	**19,979,329**	**9,764,019**
Equity					
Capital grant	22	496,858	496,858	496,858	496,858
Capital reserve fund	23	447,676	447,676	447,676	447,676
Accumulated reserve fund		24,178,043	27,008,110	21,344,542	23,970,297
Total equity		**25,122,577**	**27,952,644**	**22,289,076**	**24,914,831**
Total equity and liabilities		**27,114,898**	**29,829,108**	**42,268,405**	**34,678,850**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of the Commission on 4 July 2019 and signed on its behalf by:

Mr. Olufemi Lijadu
Chairman, Board of the Commission

4 July 2019

Ms. Mary Uduk
Ag. Director-General

4 July 2019

Additionally certified by:

Mr. Henry Rowland
Ag. Executive Commissioner,
4 July 2019

Statement of changes in equity

Group

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	Total N'000
At 1 January 2016	**496,858**	**447,676**	**27,008,110**	**27,952,644**
Deficit for the year	-	-	(3,365,572)	(3,365,572)
Actuarial gain on defined benefit scheme	-	-	535,505	**535,505**
Total comprehensive income	**-**	**-**	**(2,830,067)**	**(2,830,067)**
At 31 December 2016	**496,858**	**447,676**	**24,178,043**	**25,122,577**

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	Total N'000
At 1 January 2015	**496,858**	**447,676**	**31,217,830**	**32,162,364**
Deficit for the year	-	-	(3,661,020)	(3,661,020)
Acturial loss on defined benefit scheme	-	-	(548,700)	(548,700)
Total comprehensive income	**-**	**-**	**(4,209,720)**	**(4,209,720)**
At 31 December 2015	**496,858**	**447,676**	**27,008,110**	**27,952,644**

Commission

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	Total N'000
At 1 January 2016	**496,858**	**447,676**	**23,970,297**	**24,914,831**
Deficit for the year	-	-	(3,161,260)	(3,161,260)
Acturial gain on defined benefit scheme	-	-	535,505	535,505
Total comprehensive income	**-**	**-**	**(2,625,755)**	**(2,625,755)**
At 31 December 2016	**496,858**	**447,676**	**21,344,542**	**22,289,076**
				-
				-
At 1 January 2015	**496,858**	**447,676**	**29,415,038**	**30,359,572**
Deficit for the year	-	-	(4,896,041)	(4,896,041)
Acturial loss on defined benefit scheme	-	-	(548,700)	(548,700)
Total comprehensive income	**-**	**-**	**(5,444,741)**	**(5,444,741)**
At 31 December 2015	**496,858**	**447,676**	**23,970,297**	**24,914,831**

Statement of cash flows

	Note	Group		Commission	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		N '000	N '000	N '000	N '000
Cash flows from operating activities					
Net cash (used in)/generated from operating activities	24	**(2,227,152)**	**(4,483,842)**	**7,949,062**	**(249,636)**
Cash flows from investing activities					
Acquisition of property and equipment	11	(101,744)	(268,993)	(101,744)	(268,993)
Proceeds from disposal of property and equipment		186	573	186	573
Acquisition of intangible assets	12	(23,994)	(9,852)	(23,994)	(9,852)
Acquisition of held to maturity financial assets		(10,813,840)	(13,847)	(10,813,840)	(13,845)
Net cash used in investing activities		**(10,939,392)**	**(292,119)**	**(10,939,392)**	**(292,117)**
Cash flows from financing activities					
Finance lease		-	47,000	-	47,000
Repayment of finance lease		(25,458)	(21,541)	(25,458)	(21,541)
Net cash (used in)/generated from financing activities		**(25,458)**	**25,459**	**(25,458)**	**25,459**
Net decrease in cash and cash equivalents		(13,192,002)	(4,750,502)	(3,015,788)	(516,294)
Cash and cash equivalents at start of year		14,578,889	19,329,391	4,343,350	4,859,644
Cash and cash equivalents at end of year		**1,386,887**	**14,578,889**	**1,327,562**	**4,343,350**
Cash and cash equivalents comprise:					
Cash in hand	17	8,385	6,628	8,385	5,904
Cash and bank balances	17	1,378,502	4,766,309	1,319,177	4,337,446
Placements with financial institutions	17	-	9,805,952	-	-
Total cash and cash equivalents		**1,386,887**	**14,578,889**	**1,327,562**	**4,343,350**

The accompanying notes are an integral part of these financial statements.

1. General information

These financial statements are the consolidated financial statements of the Securities and Exchange Commission ("the Commission" or "SEC") and its subsidiaries (hereafter referred to as 'the Group') for the year ended 31 December 2016.

The Commission was established under the Securities and Exchange Commission Act (No. 71) of 1979 as amended by the Investments and Securities Act (ISA) No.29 of 2007. The principal activities of the Commission includes the following: registering and regulating securities exchanges, reviewing and approving mergers and all forms of business combinations and protecting the integrity of the capital market.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements for the year ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

These financial statements are presented in Naira, which is the Group's presentation currency. The figures shown in the financial statements are denominated in Naira and in thousands. The financial statements are prepared under historical cost concepts.

The preparation of financial statements in conformity with IFRSs requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

i) New standards, amendments and interpretations adopted by the group.

Amendment to IAS 1, 'Presentation of financial statements'.

This amends IAS 1 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. The amendment does not in any way affect the Group or its financial statements and accounting policies.

Amendments to IAS 27, 'Consolidated and separate financial statements',

The purpose of the amendment is to restore the option to use equity method to account for investments in subsidiaries. The Group uses the cost method to account for investments in subsidiaries and does not intend to change this policy. This amendment has no impact on the group's financial statements.

Amendments to IAS 16 and 38, 'Clarification of Acceptable Methods of Depreciation and Amortisation',

This amendment clarifies that the use of revenue based methods to calculate depreciation or amortisation of assets is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue based method should not be used to calculate the depreciation of items of property, plant and equipment.

IAS 38 Intangible Assets now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (i.e where a measure of revenue is the limiting factor on the value that can be derived from the asset).
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

This amendment is not relevant to the Group as the Group does not apply revenue based methods to calculate depreciation or amortisation of assets.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not relevant to the group.

ii) Standards, amendments and interpretations issued but not yet effective.

IFRS 9, 'Financial Instruments' (effective for periods beginning on or after 1 January 2018):
IFRS 9 addresses classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplified the mixed measurement model and establishes three primary measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and contractual cash flow characteristic of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at inception, to present changes in fair value in OCI not recycling. There is now new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 15, 'Revenue from contracts with customers' (effective for the period beginning on or after 1 January 2017):
IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to user of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity contract with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contract' and related interpretations.

IFRS 16, 'Leases' (effective for the period beginning on or after 1 January 2019):
The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

Amendment to IAS 7 'Statement of cashflow'
In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.

There are no other IFRS or IFRIC issued but not yet effective that are relevant to the Group.

2.2 Consolidation

The financial statements of the consolidated subsidiaries used to prepare these financial statements were prepared as of the parent company's reporting date. The consolidation principles have been applied consistently.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.
Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Consolidated Structured Entities

The consolidated financial statements of the Group comprise the financial statements of the parent entity and the three controlled structured entities as at 31 December 2016 Consolidated structured entities are entities over which the Commission has control.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The National Investors Protection Fund, Capital Market Development Fund and Nigerian Capital Market Institute are structured entities set up for investor protection against losses from systematic failures in the capital market, development of the capital market and education and training of the investing public in Nigeria.

The Commission does not have any direct or indirect shareholding in these entities. However, based on the evaluation of the substance of the relationship between the Commission and these funds, the Commission has practical ability to direct the relevant activities of these funds, power over the funds, is exposed to, or has rights to, variable returns from its involvement with the funds and has the ability to affect these returns through its power over the funds. Once control is established, the result of a structured entity is consolidated.

Specifically, the Commission controls an entity if and only if the Commission has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Structured entities that do not constitute businesses are not consolidated.

The Commission re-assesses whether or not it controls a structured entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a structured entity begins when the Commission obtains control over the structured entity and ceases when the Commission loses control of the structured entity. Assets, liabilities, income and expenses of a structured entity established during the year are included in the Group's financial statements from the date the Commission achieve control until the date the Commission ceases to control the entity.

(c) Consolidation and Inter-company balances

The integration of the financial information of structured entities into the Group's financial statements is based on consistent accounting methods and inter-company transactions and balances are eliminated on consolidation.

Inter-company transactions, balances and intragroup gains on transactions between Group entities are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(d) Transactions and non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Interests in the equity of subsidiaries not attributable to the parent are reported in consolidated equity as noncontrolling interest. Profits or losses attributable to non-controlling interests are reported in the consolidated comprehensive income as profit or loss attributable to non-controlling interests.

(e) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised in statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Naira , which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.4 Financial assets and liabilities

2.4.1 Initial recognition and measurement

Financial instruments at fair value through profit or loss are initially recognised at fair value while transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, are recognized immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

2.4.2 Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

2.4.3 Classification and related measurement

Management determines the classification of its financial instruments at initial recognition. The Group uses trade date accounting for regular way contracts when recording financial asset transactions.

i) Financial assets

The Group classifies its financial assets in terms of the following IAS 39: Financial Instruments: Classification and Measurements categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity financial assets; and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as fair value through profit or loss upon initial recognition (the so-called "fair value option").

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or 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.

For those designated upon initial recognition as at fair value through profit or loss (fair value option), this designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivatives that must be separated.

Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in profit and loss. Interest income and dividend income on financial assets held for trading are included in profit and loss respectively. At the reporting dates covered by these financial statements , the Group had no financial assets classified as financial assets at fair value through profit or loss.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

• those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;

• those that the Group upon initial recognition designates as available-for-sale; or

• those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. Interest income is included in 'Interest income' in the profit or loss.

The Group's loans and receivables includes cash and bank balances, staff loans and other receivables.

c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

• those that the Group upon initial recognition designates as fair value through profit or loss;

• those that the Group upon initial recognition designates as available-for-sale; or

• those that meet the definition of loans and receivables.

These financial assets are subsequently measured at amortised cost using the effective interest rate method. Interest income is included in 'Interest income' in the statement of profit or loss.

The Group's investment in held to maturity financial assets are Federal Government of Nigeria Bonds and Treasury Bills.

d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss. No financial assets designated as available-for-sale exist at any of the reporting dates covered by these financial statements.

Available-for-sale financial assets are subsequently measured at fair value with fair value gains and losses recognized in other comprehensive income. Interest calculated using the effective interest method is recognized in 'Interest income', with dividend income included in 'Other income'. When available-for-sale financial assets are sold or impaired, the cumulative gain or loss recognized in a separate reserve in equity are reclassified to profit or loss.

The Group has no financial assets classified as available for sale.

ii) Financial liabilities

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at fair value through profit or loss (including financial liabilities held for trading and those designated at fair value through profit or loss) and financial liabilities at amortized cost. The Group only has financial liabilities at amortised cost.

b) Other financial liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortized cost using the effective interest method.

The Group's holding in other financial liabilities is sundry and other creditors.

2.4.4 Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.4.5 *Determination of fair value*

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes quoted debt instruments on major exchanges and broker quotes. For example, the Nigerian Stock Exchange and quotes from the Financial Market Dealers Quotation (FMDQ).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using market inputs existing at the dates of the statement of financial position. For illiquid financial instruments, the fair values are further adjusted to compensate for the credit risks attached to the issuers.

2.4.6 *Derecognition*

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

2.4.7 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.8 *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:
- Delinquency in contractual payments of principal or interest;
- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The disappearance of an active market for that financial asset because of financial difficulties; and
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

2.5 Impairment of non-financial assets

An asset is impaired when the carrying amount is greater than the recoverable amount. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, intangible assets that have an indefinite useful life and are not subject to amortization are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.
The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.6 Revenue recognition

Interest income

Interest income for all interest-bearing financial instruments are accrued and recognized within 'Interest income' in the profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fee income

Fees income are generally recognized on an accrual basis. Fee income arising from provision of service to capital market operators is recognized over the period of service rendered. The fees earned by the Group is for services rendered in the registration of bonds and shares, penalties and other market transactions such as approval of mergers and acquisitions transactions and other capital market transactions.

Fines and penalties raised for late submission of returns are recognised on an accrual basis less impairment. The income from fines and penalties is credited to the statement of comprehensive income.

2.7 Cash and cash equivalent

Cash and cash equivalent include cash in hand, cash in current accounts, cash with the Central Bank of Nigeria, deposits held at call with banks and other short-term investments.

For cash flow purposes, cash and cash equivalents include cash in hand, cash in current accounts, cash with the Central Bank of Nigeria, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.8 Property and equipment

Land and buildings comprise mainly offices held within the country. All items of property and equipment used by the Group is measured at historical cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

An asset is recognized when it is probable that economic benefits associated with the item flow to the Group and the cost of the item can be reliable measured. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
For replacement parts, the carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to 'Other operating expenses' during the financial period in which they are incurred.

Section 49(1&2) of the Land Use Act of 1978 makes land a freehold for government agencies. Consequently land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:
- Buildings: 40 years
- Motor vehicles: 3 years
- Furniture and fittings: 4 years
- Computer equipment: 4 years

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in 'Other income' in the profit or loss.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments and upon delivery are reclassified as additions in the appropriate category of property and equipment.

The carrying amount of an item of property and equipment is derecognized either on disposal or when no future economic benefits are expected from the continuing use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.9 Intangible assets

Intangible assets comprise computer software licenses. Intangible assets are initially recognized at cost. Intangible assets with a definite useful life are amortized using the straight-line method over their estimated useful life. Intangible assets with an indefinite useful life are not amortized. Generally, the identified intangible assets of the Group have a definite useful life. Costs associated with maintaining computer software programmes are recognized as an expense as incurred.
Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Subsequent expenditure on computer software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognized as intangible assets are amortized on the straight-line basis over 4 years and are carried at cost less any accumulated amortization and any accumulated impairment losses.

2.10 Employee benefits

Post-employment benefits

Defined contribution scheme

For defined contribution plans, the Commission pays contributions to publicly or privately administered pension insurance plans on a contractual basis. Group contributes a minimum of 10% of monthly emoluments with the employee contributing a minimum of 8% of the same monthly emoluments.

Defined benefit scheme:

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.
The employer's obligation is calculated periodically by independent actuaries using the projected unit credit method. The liability recognized in the Group's statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Group's statement of financial position less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields of Federal Government Bonds of Nigeria as high quality corporate bonds are not available.
The fair value of the plan assets are determined using prices from the Nigeria Stock Exchange and FMDQ for listed equities and bonds. The other plan assets are maintained as short term placements with banks whose carrying amount approximates its fair value.
Remeasurement gains and losses are recognized in full in other comprehensive income when they occur.

The Group recognises past service costs immediately in profit or loss.

The Group recognises interest cost on the defined benefit obligation as a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11 Provision

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events for which it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.12 Equity

Accumulated reserve fund:

Accumulated reserve fund represents all the accumulated surpluses and losses from prior periods and this period.
In accordance with section 22(1) and (2) of the Fiscal Responsibility Act 2007, the Commission makes an annual appropriation representing twenty percent of the operating surplus of the Commission for the year to a general reserve fund.
All remaining surplus after the statutory appropriations to the general reserve fund is payable to the Federal Government of Nigeria not later than one month following the deadline for publication of the financial statements of the Group.

Capital reserve fund:
Capital Reserve Fund represents one-fifth of the Commission's operating cash surplus for 2007 and 2008 financial years that was transferred to this reserve before remittance of the balance to the Federal Government of Nigeria in compliance with section 22(1) of the Fiscal Responsibility Act 2007.

Capital grant:
The capital grant received represents funds from the Federal Ministry of Finance in prior periods. No amount was received in the current period.

2.13 Contingent liabilities and contingent assets

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognized but are disclosed unless they are remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized but they are disclosed in the financial statement when they arise.

2.14 Leases

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases that transfer to the group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in "other operating expenses" in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which they are incurred.

Lease payments made

Payments made under operating leases are recognized in the statement of profit or loss on a straight-line basis over the term of the lease.
Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Group as a lessor

Leases where the group does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Contingent rents are recognized as revenue in the period in which they are earned.

2.15 Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit pension plan, long service awards, gratuity scheme and post-employment medical benefits and the present value of these defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management assumption with reference to the yields on Nigerian Government bonds, as compiled by the Debt Management Office were used since there is no deep market in corporate bonds in Nigeria. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on pre-retirement mortality: A49/52 ultimate tables and post-retirement mortality: A55 ultimate tables. Future salary increases is based on expected future inflation rates.

Further details about defined benefit obligations are given in Note 20.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the commission's financial performance.

Risk management is carried out by the finance department under policies approved by the board of commissioners. The Group's treasury department identifies, evaluates and manages financial risks in close co-operation with the commission's operating units. The board provides written principles for overall risk management, as well as written policies covering specific investment buying decisions and management of financial instruments and investment of excess liquidity.

3.2 Financial instruments

The Group's financial instruments are categorised as follows:

Group 31 December 2016	Financial assets Amortised cost N'000	Financial liabilities Amortised cost N'000
Financial assets		
Bank balances		
Bank balances	1,378,502	-
Loans and receivable		
Staff loans and other receivables	1,939,422	-
Held to maturity financial assets		
Held to maturity investments	18,423,206	-
Financial liabilities		
Sundry and other creditors	-	884,446
Accruals	-	37,402

Commission 31 December 2016	Financial assets Amortised cost N'000	Financial liabilities Amortised cost N'000
Financial assets		
Bank balances		
Bank balances	1,319,177	-
Loans and receivable		
Staff loans and other receivables	2,152,254	-
Held to maturity financial assets		
Held to maturity	18,423,206	-
Financial liabilities		
Sundry and other creditors	-	18,874,454
Accruals	-	34,402

Group 31 December 2015	Financial assets Amortised cost N'000	Financial liabilities Amortised cost N'000
Financial assets		
Bank balances		
Bank balances	14,572,261	-

Group
31 December 2015

	Financial assets	Financial liabilities
	Amortised cost	**Amortised cost**
	N'000	**N'000**
Loans and receivable		
Staff loans and other receivables	1,293,315	-
Held to maturity financial assets		
Held to maturity	7,609,367	-
Financial liabilities		
Sundry and other creditors	-	512,748
Finance lease	-	25,458
Accruals	-	32,922

Commission
31 December 2015

	Financial assets	Financial liabilities
	Amortised cost	**Amortised cost**
	N'000	**N'000**
Financial assets		
Bank balances		
Bank balances	4,337,446	-
Loans and receivable		
Staff loans and other receivables	1,378,596	-
Held to maturity financial assets		
Held to maturity	7,609,367	-
Financial liabilities		
Sundry and other creditors	-	8,401,027
Finance lease	-	25,458
Accruals	-	32,922

3.3 *Credit Risk*

3.3.1 Management of credit risk

Credit risk is the risk that the Group will incur losses as a result of the failure of debtors and staff to meet their obligations. Credit risks essentially arise from granting loan facilities to staff members as well as failure of banks and bonds issuers to meet principal and interest payments on due dates. Credit risks are managed by regular monitoring of the ratings of treasury bills and other related debtors.

3.3.2 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the maximum amount of Group's credit exposure at their carrying amounts as categorised by geographical region as of 31 December 2016 and 31 December 2015.

Group

At 31 December 2016 (N'000)	**Staff loans and other receivables**	**Bank balances**	**Held to maturity financial assets**	**Total**
Nigeria	1,939,422	1,378,502	18,423,206	21,741,130
	1,939,422	**1,378,502**	**18,423,206**	**21,741,130**

Commission

At 31 December 2016 (N'000)	**Staff loans and other receivables**	**Bank balances**	**Held to maturity financial assets**	**Total**
Nigeria	2,152,254	1,319,177	18,423,206	21,894,637
	2,152,254	**1,319,177**	**18,423,206**	**21,894,637**

Group

At 31 December 2015 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Nigeria	1,293,315	14,572,261	7,609,367	23,474,943
	1,293,315	**14,572,261**	**7,609,367**	**23,474,943**

Commission

At 31 December 2015 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Nigeria	1,378,596	4,337,446	7,609,367	13,325,409
	1,378,596	**4,337,446**	**7,609,367**	**13,325,409**

(b) Industry sectors

Group

At 31 December 2016 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Government	-	-	18,423,206	18,423,206
Financial services	-	1,378,502	-	1,378,502
Others	1,939,422	-	-	1,939,422
	1,939,422	**1,378,502**	**18,423,206**	**21,741,130**

Commission

At 31 December 2016 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Government	-	-	18,423,206	18,423,206
Financial services	-	1,319,177	-	1,319,177
Others	2,152,254	-	-	2,152,254
	2,152,254	**1,319,177**	**18,423,206**	**21,894,637**

Group

At 31 December 2015 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Government	-	-	7,609,367	7,609,367
Financial services	-	14,572,261	-	14,572,261
Others	1,293,315	-	-	1,293,315
	1,293,315	**14,572,261**	**7,609,367**	**23,474,943**

Commission

At 31 December 2015 (N'000)	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Government	-	-	7,609,367	7,609,367
Financial services	-	4,337,446	-	4,337,446
Others	1,378,596	-	-	1,378,596
	1,378,596	**4,337,446**	**7,609,367**	**13,325,409**

Credit quality of Financial Assets

IFRS 7 requires information about the credit quality of financial assets. This information is provided below for balances held with financial services, money market placements and financial assets held to maturity.

Financial Asset Held to maturity

	Group		Commission	
Sovereign Ratings	**31 December 2016 N'000**	**31 December 2015 N'000**	**31 December 2016 N'000**	**31 December 2015 N'000**
Nigeria (B) S&P	18,423,206	7,609,367	18,423,206	7,609,367

	18,423,206	7,609,367	18,423,206	7,609,367

Balances with financial services

	Group		Commission	
External credit rating (S&P)	**31 December 2016 N'000**	**31 December 2015 N'000**	**31 December 2016 N'000**	**31 December 2015 N'000**
B-	61,303	27,399	1,978	27,399
B	1,317,199	4,308,771	1,317,199	4,308,771
Unrated	8,385	865,631	8,385	7,181
	1,386,887	5,201,801	1,327,562	4,343,351

Money Market Placement
External credit rating (S&P)

	Group		Commission	
External credit rating (S&P)	**31 December 2016 N'000**	**31 December 2015 N'000**	**31 December 2016 N'000**	**31 December 2015 N'000**
B	-	9,805,952	-	-
	-	9,805,952	-	-

Rating Legend:
External credit rating (S&P)
BB: Adequate speculative credit rating
B+:Highly speculative credit rating

Staff Loans

	Group	Commission	Group	Commission
	31 December 2016 (N'000)	**31 December 2016 (N'000)**	**31 December 2015 (N'000)**	**31 December 2015 (N'000)**
Neither past due nor impaired	1,271,758	1,271,758	1,119,611	1,119,611
Past due but not impaired	-	-	-	-
Impaired	3,482	3,482	-	-

3.3.3 Maximum exposure to credit risk

The Group's maximum exposure to credit risk at 31 December 2016, is represented by the net carrying amounts of the financial assets set out in note 3.3.2 above.

3.4 *Market risk*

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates.

3.4.1 Foreign exchange risk

Foreign exchange risk is the risk of adverse changes in currency exchange rates.

The Group operates its businesses in Nigeria and is not significantly exposed to foreign exchange risk arising from various currency exposures.

3.4.2 Price risk

The Group is not exposed to equity securities price risk because investment securities held are bonds classified as held to maturity on the balance sheet. Also, the Group is not exposed to commodity price risk.

3.4.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Group invests in interest bearing financial instruments. The Group is exposed to the risk that the value of financial instruments will fluctuate due to changes in the prevailing market interest rate. The investment securities of the Group are fixed income securities which are held to maturity hence there would be no effect of fluctuation in interest rate.

3.5 *Liquidity risk*

Liquidity risk is the risk that the Group does not have adequate assets to match its liability at all times. The liquidity risk exposure is related to our credit and investment risk profile. At 31 December 2016, management does not believe the current maturity profile of the Group lends itself to any material liquidity risk, taking into account the level of cash and bank deposits . The Group's bank deposits are able to be released at short notice when and if required.

3.5.1 The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

Maturity analysis for financial liabilities

At 31 December 2016
Group

	Carrying amount N'000	Less than 3 months N'000
Sundry and other creditors	884,446	884,446
Total financial liabilities	884,446	884,446
Assets used to manage liquidity		
Cash and bank balances	1,386,887	1,386,887
Total financial assets	1,386,887	1,386,887
Gap	502,441	502,441

At 31 December 2016
Commission

	Carrying amount N'000	Less than 3 months N'000
Sundry creditors	18,874,454	18,874,454
Total financial liabilities	18,874,454	18,874,454
Assets used to manage liquidity		
Cash and bank balances	1,327,562	1,327,562
Total financial assets	1,327,562	1,327,562
Gap	(17,546,892)	(17,546,892)

At 31 December 2015
Group

	Carrying amount N'000	Less than 3 months N'000
Sundry creditors	512,748	512,748
Total financial liabilities	512,748	512,748
Assets used to manage liquidity		
Cash and bank balances	14,578,889	14,578,889
Total financial assets	14,578,889	14,578,889
Gap	14,066,141	14,066,141

At 31 December 2015

Commission	**Carrying amount N'000**	**Less than 3 months N'000**
Sundry creditors	8,401,027	8,401,027
Total financial liabilities	8,401,027	8,401,027
Assets used to manage liquidity		
Cash and bank balances	4,343,350	4,343,350
Total financial assets	4,343,350	4,343,350
Gap	(4,057,677)	(4,057,677)

3.6 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure.

The Group capital is made up of capital fund and capital reserve fund.

The Group monitors capital on an ongoing basis so as to ensure that its capital reserves are adequate to fund its operations.

The Group's strategy is to maintain adequate capital reserves. However, there is no regulatory capital requirement.

3.7 Fair value estimation

(a) Financial instruments measured at fair value

The Group's investments are in government bonds, treasury bills and placement with banks. Hence no disclosure were made for this class of financial instruments.

(b) Financial instruments not measured at fair value

(i) Financial instruments

Group	**At 31 December 2016**		**At 31 December 2015**	
	Carrying value N'000	**Fair value N'000**	**Carrying value N'000**	**Fair value N'000**
Financial assets				
Cash and bank balances	1,386,887	1,386,887	14,578,889	14,578,889
Debt securities (amortised cost)				
- Federal Government of Nigeria bonds and treasury bills	18,423,206	16,545,484	7,609,367	7,137,003
Staff loans and other receivables	2,152,254	2,152,254	1,378,596	1,378,596
	21,962,347	20,084,625	23,566,852	23,094,488
Financial liabilities				
Sundry creditors	884,446	884,446	512,748	512,748
Finance lease	-	-	25,458	25,458
Accruals	37,402	37,402	32,922	32,922
	921,848	921,848	571,128	571,128

Commission	**At 31 December 2016**		**At 31 December 2015**	
	Carrying value N'000	**Fair value N'000**	**Carrying value N'000**	**Fair value N'000**
Financial assets				
Cash and bank balances	1,327,562	1,327,562	4,343,350	4,343,350
Debt securities (amortised cost)				
- Federal Government of Nigeria bonds and treasury bills	18,423,206	16,545,484	7,609,367	7,137,003
Staff loans and other receivables	2,152,254	2,152,254	1,378,596	1,378,596
	21,903,022	20,025,300	13,331,313	12,858,949

	At 31 December 2016		At 31 December 2015	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial liabilities				
Sundry creditors	18,874,454	18,874,454	8,439,167	8,439,167
Finance lease	-	-	25,458	25,458
Accruals	34,402	34,402	32,922	32,922
	18,908,856	18,908,856	8,497,547	8,497,547

(ii) Fair valuation hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Group

At 31 December 2016 (N'000)			
Financial assets	**Level 1**	**Level 2**	**Level 3**
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	6,770,889	-
- Federal Government of Nigeria Treasury bills	-	9,774,595	-
Staff loan and Other receivable	-	-	1,939,422
At 31 December 2016 (N'000)			
Financial liabilities			
Sundry creditors	-	-	884,446
Accruals	-	-	37,402

Commission

At 31 December 2016 (N'000)			
Financial assets			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	6,770,889	-
- Federal Government of Nigeria Treasury bills	-	9,774,595	-
Staff loan and Other receivable	-	-	2,152,255
At 31 December 2016 (N'000)			
Financial liabilities			
Sundry creditors	-	-	18,874,454
Accruals	-	-	34,402

Group

At 31 December 2015 (N'000)	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	7,609,367	-
Staff loan and Other receivable	-	-	1,293,315

At 31 December 2015 (N'000)			
Financial liabilities			
Sundry creditors	-	-	512,748
Finance lease	-	-	25,458
Accruals	-	-	32,922

Commission

At 31 December 2015 (N'000)			
Financial assets			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	7,609,367	-
Staff loan and Other receivable	-	-	1,378,596

At 31 December 2015 (N'000)			
Financial liabilities			
Sundry creditors	-	-	8,401,027
Finance lease	-	-	25,458
Accruals	-	-	32,922

(c) Fair valuation methods and assumptions

(i) Cash and bank balances

Cash and bank balances represent cash and short term deposit held with various banks in Nigeria. The fair value of these balances appropriate their carrying amounts.

(ii) Debt securities

The fair value of actively traded bonds and treasury bills are determined with reference to quoted prices (unadjusted) in an active market.

(iii) Staff loans and other receivables

Staff loans and other receivables are carried at amortised cost net of provision for impairment. The estimated fair value of non current loans and receivables represent the discounted amount of estimated future cash flows expected to be received at current market rates. For the current loans and receivable, the carrying amount are carried at amortised cost net of provision for impairment. The current market rates are determined by a reference to the monetary policy rate plus margins as charged by the commercial banks.

(iv) Sundry creditors

Sundry creditors represents short term payables to third parties. The carrying value approximates the value required to settle these liabilities. Hence, the fair values of these balances approximate their carrying amount.

		Group		The Commission	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		N '000	N '000	N '000	N '000
4	**Fee income from operations**				
	Market transaction fees	1,692,499	2,933,145	1,692,499	2,933,145
	Registration of securities				
	- Bonds	258,542	218,397	258,542	218,397
	- Equities	157,080	131,020	157,080	131,020
	- Right isssues	23,264	57,376	23,264	57,376
	- Bonus	7,108	23,943	7,108	23,943
	Registration of operators	35,064	188,591	35,064	188,591
	Penalties and other transaction fees	1,454,006	840,159	1,454,006	840,159
		3,627,563	**4,392,631**	**3,627,563**	**4,392,631**
5	**Interest income**				
	Money market placements	778,705	1,648,959	748,221	241,109
	Held to maturity financial assets	712,529	708,910	712,529	708,910
	Staff loans	168,843	336,831	168,843	336,831
		1,660,077	**2,694,700**	**1,629,593**	**1,286,850**
6	**Other operating income**				
	Workshop training	47,380	42,548	-	-
	Other miscellaneous income	1,158	2,038	568	2,038
		48,538	**44,586**	**568**	**2,038**
7	**Employee benefit expense**				
	Wages and salaries	2,863,193	3,262,372	2,747,705	3,115,991
	Other staff allowances	2,573,639	2,468,460	2,573,639	2,468,460
	Pension costs:				
	- Defined contribution plan	447,397	2,006,080	447,397	2,006,080
	- Defined benefit plan (Note 20)	227,980	127,151	227,980	127,151
		6,112,209	**7,864,063**	**5,996,721**	**7,717,682**
8	**Depreciation and amortisation expenses**				
	Depreciation of property and equipment (note 11)	301,558	287,614	301,558	287,614
	Amortisation of intangible assets (note 12)	8,326	25,270	8,326	25,270
		309,884	**312,884**	**309,884**	**312,884**
9	**Finance cost**				
	Interest expense-finance lease liabilities	6,780	5,025	6,780	5,025
		6,780	**5,025**	**6,780**	**5,025**
10	**Other operating expenses**				
	Travelling expense	232,973	296,057	231,477	296,057
	Maintenance costs	332,968	386,751	235,668	372,137
	Insurance	76,456	69,225	76,456	69,225
	Training and capacity building	312,496	484,152	265,166	456,302
	Fuel	54,808	48,054	54,808	48,054
	Rates	102,231	95,425	102,231	95,425
	Printing, stationery and subscriptions	117,739	140,912	117,739	140,912
	Donations	10,400	19,105	10,400	19,105
	Information technology expenses	187,219	146,820	187,219	146,820
	Meeting expenses	24,592	59,806	24,592	59,806
	Professional fees	80,371	77,591	80,371	77,591
	Capital market development expenses	249,272	293,203	249,272	293,203
	Administrative expenses	257,343	213,553	257,343	213,553
	Board members' compensation, allowances and expenses	-	101,797	-	101,797
	Audit fees**	28,000	29,250	25,000	25,000
	Legal fees	103,704	78,162	103,704	78,162
	Impairment write back	-	(7,500)	-	(7,500)
	Other operating expenses	102,305	78,602	84,153	56,320
		2,272,877	**2,610,965**	**2,105,599**	**2,541,969**

** Other than the audit fees, there were no other amounts paid to the auditors as they did not render any services to the Commission during the year (2015: Nil)

Group and the Commission

11 Property and equipment

	Land N'000	Buildings N'000	Office furniture, fittings and equipment N'000	IT hardware N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 January 2015	801,846	3,056,852	1,424,036	827,986	489,394	10,382	6,610,496
Additions	-	13,800	74,997	45,363	134,833	-	268,993
Reclassification	-	-	2,029	2,548	-	(4,577)	-
Disposals	-	-	(44,680)	(136,223)	(8,038)	-	(188,941)
At 31 December 2015	801,846	3,070,652	1,456,382	739,674	616,189	5,805	6,690,548
At 1 January 2016	801,846	3,070,652	1,456,382	739,674	616,189	5,805	6,690,548
Additions	-	-	52,468	41,035	-	8,241	101,744
Disposals	-	-	(108,816)	(79,413)	-	-	(188,229)
At 31 December 2016	801,846	3,070,652	1,400,034	701,296	616,189	14,046	6,604,063
Accumulated depreciation							
At 1 January 2015	-	673,799	1,183,089	759,409	411,927	-	3,028,224
Charge for the year	-	96,529	93,396	38,305	59,384	-	287,614
Disposals	-	-	(44,375)	(133,871)	(8,038)	-	(186,284)
At 31 December 2015	-	770,328	1,232,110	663,843	463,273	-	3,129,554
At 1 January 2016	-	770,328	1,232,110	663,843	463,273	-	3,129,554
Charge for the year	-	96,812	96,913	29,631	78,202	-	301,558
Disposal	-	-	(94,462)	(78,053)	-	-	(172,515)
At 31 December 2016	-	867,140	1,234,561	615,421	541,475	-	3,258,597
Net book amount at 31 December 2015	801,846	2,300,324	224,272	75,831	152,916	5,805	3,560,994
Net book amount at 31 December 2016	801,846	2,203,512	165,473	85,875	74,714	14,046	3,345,466

Motor vehicles include the following amount where the group is a lesse under a finance lease:

	31 December 2016 N '000	31 December 2015 N '000
Cost-capitalised finance lease	47,000	47,000
Accumulated depreciation	(23,625)	(6,562)
Net book amount	23,375	40,438

The group leases motor vehicles under non-cancellable finance lease agreements. The lease terms are for two (2) years, and the ownership of the assets lies within the group.

12 Intangible assets

	Group		Commission	
	31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N' 000	31 December 2015 N' 000
Cost				
At 1 January	551,107	541,255	551,107	541,255
Additions	23,994	9,852	23,994	9,852
Closing balance	**575,101**	**551,107**	**575,101**	**551,107**
Accumulated amortisation				
Opening balance	536,717	511,447	536,717	511,447
Amortisation charge	8,326	25,270	8,326	25,270
Closing balance	**545,043**	**536,717**	**545,043**	**536,717**
Net book amount	**30,058**	**14,390**	**30,058**	**14,390**

Intangible assets relate only to softwares

13 Interests in structured entities

National Investor Protection Fund	-	-	5,000,000	5,000,000
Capital Market Development Fund	-	-	5,000,000	5,000,000
Nigerian Capital Market Institute	-	-	5,000,000	5,000,000
	-	**-**	**15,000,000**	**15,000,000**

14 Staff loans and other receivables

Staff loans	1,117,668	771,041	1,117,668	771,041
Impairment of staff loans	(50,328)	(50,328)	(50,328)	(50,328)
	1,067,340	**720,713**	**1,067,340**	**720,713**
Other Receivables				
Receivables from penalties and fines	185,158	86,705	185,158	86,705
Receivables for fee income	261,086	468,491	262,086	346,649
Sundry debtors	436,883	28,451	648,715	235,574
Impairment of sundry debtors	(11,045)	(11,045)	(11,045)	(11,045)
	872,082	**572,602**	**1,084,914**	**657,883**
	1,939,422	**1,293,315**	**2,152,254**	**1,378,596**
Impairment of staff loans				
Balance, beginning of year	50,328	50,328	50,328	50,328
Charge for the year	-	-	-	-
Balance, end of year	**50,328**	**50,328**	**50,328**	**50,328**
Impairment of sundry debtors				
Balance, beginning of year	11,045	11,045	11,045	11,045
Charge for the year	-	-	-	-
Balance, end of year	**11,045**	**11,045**	**11,045**	**11,045**
Classification of staff loans and other receivables				
Current	873,048	572,602	1,085,880	657,883
Non-current	1,066,374	720,713	1,066,374	720,713
	1,939,422	**1,293,315**	**2,152,254**	**1,378,596**

15 Held to maturity financial assets

	18,423,206	7,609,367	18,423,206	7,609,367
	18,423,206	**7,609,367**	**18,423,206**	**7,609,367**

15.1 Debt securities

Debt securities at amortised cost				
- Federal Government of Nigeria Bonds	7,626,472	7,609,367	7,626,472	7,609,367
- Nigeria Treasury bills	10,796,734	-	10,796,734	-
	18,423,206	**7,609,367**	**18,423,206**	**7,609,367**

	Group		Commission	
	31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N' 000	31 December 2015 N' 000
Classification of held to maturity financial assets				
Current	13,779,957	-	13,779,957	-
Non-current	4,643,249	7,609,367	4,643,249	7,609,367
	18,423,206	**7,609,367**	**18,423,206**	**7,609,367**

16 Prepayments

Prepaid staff allowance	1,589,054	2,511,456	1,589,054	2,511,456
Prepaid office rent	-	1,763	-	1,763
Prepaid motor vehicle allowance	400,805	258,934	400,805	258,934
	1,989,859	**2,772,153**	**1,989,859**	**2,772,153**

17 Cash and bank balances

Cash in hand	8,385	6,628	8,385	5,904
Balances held with banks in Nigeria	1,378,502	4,766,309	1,319,177	4,337,446
Money market placements	-	9,805,952	-	-
	1,386,887	**14,578,889**	**1,327,562**	**4,343,350**

For cash flow purposes, cash and cash equivalents include cash in hand, cash in current accounts, money market placements including treasury bills with less than three months from original maturity.

Cash and cash equivalents				
Cash in hand	8,385	6,628	8,385	5,904
Balances held with banks in Nigeria	1,378,502	4,766,309	1,319,177	4,337,446
Money market placements	-	9,805,952	-	-
Total cash and cash equivalents	**1,386,887**	**14,578,889**	**1,327,562**	**4,343,350**

18 Sundry and other creditors

Accounts payable	56,817	38,388	56,817	38,388
Sundry creditors	827,629	474,360	18,817,637	8,362,639
WHT payable	12,572	11,184	12,572	10,761
PAYE payable	84,887	472	84,887	472
VAT payable	28,161	27,208	28,161	26,907
Total sundry and other creditors	**1,010,066**	**551,612**	**19,000,074**	**8,439,167**

19 Provision and accruals

	Group		Commission	
	31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N' 000	31 December 2015 N' 000
Financial liabilities				
Accruals	37,402	32,922	34,402	32,922
	37,402	**32,922**	**34,402**	**32,922**
Non-financial liabilities				
Provisions	620,000	620,000	620,000	620,000
	620,000	**620,000**	**620,000**	**620,000**
Current	657,402	652,922	654,402	652,922
Non-current	-	-	-	-
	657,402	**652,922**	**654,402**	**652,922**

Provisions relate to recognition of liability with respect to litigations(two cases) involving the Commission which judgement has been delivered against the Commission. However, the Commission has appealled the judgement.

20 Retirement benefit obligations

Defined contribution scheme
The Commission and its employees make a minimum joint contribution of 18% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

Defined benefit scheme
The Commission operates a defined benefit plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Re-measurements, comprising of actuarial gains and losses, the effect of any asset ceiling and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of comprehensive income in subsequent periods.

Funding policy: The Commission is obliged to make contributions into the plan assets to the extent that the net position is a deficit.

Defined Benefit Pension Fund
The fund represents funds invested by the Commission on behalf of Pension Fund under the erstwhile defined benefit pension scheme in 2012. The fund is used for the payment of monthly pension of retirees under the defined benefit scheme.

Executive management scheme
The plan is eligible to the executive management upon exit from the Commission. It is based on the number of years spent in the Commission and the amount of annual total emoluments approved by the Board of Commissioners.

The table below outlines where the Group's defined benefit plan amounts and activity.

	Group		Commission	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Statement of financial position				
Asset/(liability) for:	**N' 000**	**N' 000**	**N' 000**	**N' 000**
Staff gratuity plan liabilities	(324,853)	(646,472)	(324,853)	(646,472)

		Group		Commission	
		31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
Income statement charge for:		**N' 000**	**N' 000**	**N' 000**	**N' 000**
Current service cost/(income)	(Note 20 (a))	35,055	120,636	35,055	120,636
Interest cost	(Note 20 (a))	313,800	339,210	313,800	339,210
Interest income	(Note 20 (b))	(266,199)	(332,695)	(266,199)	(332,695)
Past service cost	(Note 20 (a))	145,324	-	145,324	-
		227,980	**127,151**	**227,980**	**127,151**
Recognized in other comprehensive income					
Remeasurement gains/(losses) are recognised in the statement of other comprehensive income.					
Remeasurement losses/(gains)	(Note 20 (a))	(685,182)	520,736	(685,182)	520,736
Remeasurement losses	(Note 20 (b))	149,677	27,964	149,677	27,964
		(535,505)	**548,700**	**(535,505)**	**548,700**
The amounts recognised in the statement of financial position are determined as follows:					
Defined benefit obligation	(Note 20 (a))	(2,595,567)	(3,162,432)	(2,595,567)	(3,162,432)
Fair value of plan assets	(Note 20 (b))	2,270,714	2,515,960	2,270,714	2,515,960
		(324,853)	**(646,472)**	**(324,853)**	**(646,472)**

	Group		Commission	
	31 December 2016	**31 December 2015**	**31 December 2016**	**31 December 2015**
20 (a) The movement in the defined benefit obligation is as follows:	**N' 000**	**N' 000**	**N' 000**	**N' 000**
Opening defined benefit obligation	3,162,432	2,602,783	3,162,432	2,602,783
Current service cost	35,055	120,636	35,055	120,636
Interest cost	313,800	339,210	313,800	339,210
Past Service Cost	145,324	-	145,324	-
Remeasurement losses/(gains)	(685,182)	520,736	(685,182)	520,736
Expenses	(14,094)	-	(14,094)	-
Benefits paid	(361,768)	(420,933)	(361,768)	(420,933)
	2,595,567	**3,162,432**	**2,595,567**	**3,162,432**

20 (b) The movement in the fair value of plan assets of the year is as follows:

At the beginning of the period	2,515,960	2,541,556	2,515,960	2,541,556
Interest income	266,199	332,695	266,199	332,695
Employer contributions	14,094	29,379	14,094	29,379
Expenses	(14,094)	-	(14,094)	-
Remeasurement losses	(149,677)	(27,964)	(149,677)	(27,964)
Benefits paid	(361,768)	(359,706)	(361,768)	(359,706)
	2,270,714	**2,515,960**	**2,270,714**	**2,515,960**
Composition of plan assets				
Cash	1,687,367	1,869,610	1,687,367	1,869,610
Equity	132,610	146,932	132,610	146,932
Bonds	450,737	499,418	450,737	499,418
	2,270,714	**2,515,960**	**2,270,714**	**2,515,960**

The principal actuarial assumptions were as follows:

	31 December 2016	31 December 2015
Discount rate	16.4%	11.4%
Pension allowance increase	2.5%	2.5%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions based on determining the movement in the obligation by assuming a 1% increase or decrease in one assumption while all other factors remain constant.

31 December 2016

	Effect of change in the discount rate		
Assumptions	**Decrease in assumption by 1%**	**Based on actual discount rate of 16.4%**	**Increase in assumption by 1%**
Average long term discount rate (p.a.)	(2,429,336)	(2,299,414)	(2,182,767)
Percentage change in the defined benefit obligation	5.7%		-5.1%

	Effect of change in the Pension increase		
Assumptions	**Decrease in assumption by 1%**	**Based on actual discount rate of 16.4%**	**Increase in assumption by 1%**
Average long term discount rate (p.a.)	(2,166,646)	(2,299,414)	(2,446,565)
Percentage change in the defined benefit obligation	-5.8%		6.4%

	Effect of change in mortality		
Assumptions	**Decrease in assumption by 1 year**	**Based on actual discount rate of 16.4%**	**Increase in assumption by 1 year**
Average long term discount rate (p.a.)	(2,323,478)	(2,299,414)	(2,274,013)
Percentage change in the defined benefit obligation	1.0%		-1.1%

The sensitivity analysis was performed by recomputing the liability to show the effect of:
i) the change in the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
ii) the change in the pension increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the pension increase rate.
iii) the change in the the mortality assumption on the defined benefit obligation by increasing and decreasing the post-retirement age rating by 1 year.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

21 Finance lease

	Group		Commission	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Finance lease:	N'000	N'000	N'000	N'000
Current	-	25,458	-	25,458
	-	25,458	-	25,458

The Commission has the lease liability to finance the purchase of motor vehicles. The tenor of the lease is two years. The liability shall be settled from the Commission's operational cash flows.

	Group		Commission	
	31 December 2016 N'000	31 December 2015 N'000	31 December 2016 N'000	31 December 2015 N'000
Gross finance lease liabilities- minimum lease payments				
Not later than one year	-	25,458	-	25,458
Between one and three years	-	-	-	-
	-	25,458	-	25,458
Future finance changes on finance lease liabilities	-	-	-	-
Present value of finance lease liabilities	-	25,458	-	25,458

22 Capital grant

The capital grant represents funds received from the Federal Ministry of Finance in prior periods. No amount was received in the current period (2015: Nil)

23 Capital reserve fund

Capital reserve fund represents one-fifth of the commission's operating surplus for the 2007 and 2008 financial years which was retained after transferring 80% of the surplus to the Federal Government of Nigeria in compliance with section 22(1) of the Fiscal Responsibility Act 2007.

24 Reconciliation of profit to cash generated from operations

		Group		Commission	
		31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N' 000	31 December 2015 N' 000
Deficit for the period		(3,365,572)	(3,661,020)	(3,161,260)	(4,896,041)
Adjustments for:					
– Depreciation (note 10)		301,558	287,614	301,558	287,614
– Amortisation (note 11)		8,326	25,270	8,326	25,270
– Defined benefit scheme expenses	(Note 20)	227,980	127,151	227,980	127,151
– loss/(profit) on disposal of property and equipment		15,528	2,084	15,528	2,084
Changes in operating assets and liabilities					
-Change in prepayments		782,294	(207,536)	782,294	(207,536)
-Change in staff loans and other receivables		(646,106)	(198,692)	(773,658)	(277,827)
-Change in sundry creditors		444,360	(891,635)	10,546,814	4,656,727
-Change in accrued provision		4,480	32,922	1,480	32,922
Cash (used in)/generated from operating activities		**(2,227,152)**	**(4,483,842)**	**7,949,062**	**(249,636)**

25 Contingent liabilities and commitments

Legal proceedings

The Commission has contingent liabilities amounting to N620 million arising from litigation and this represents the most likely outcome as assessed by the Commission based on legal advice. Provision has been made for this amount in the books of the Commission as stated in note 19.

Capital commitments

During the year, Messrs SPX International Ltd was awarded a contract for the supply and installation of 2Nos. 300KVA UPS at the cost of N72million (2015 'Nil). The executed agreement stipulated that the company shall present to the Commission, an unconditional Bank Guarantee or Insurance Bond issued by an institution acceptable to the Commisssion pursuant to Section 35 of the Public Procurement Act, 2007. The Commission shall pay the company a mobilization fee of 15% of the total contract sum upon this presentation.

As at 31 December 2016. the Commission had made no payment to to SPX International Ltd owing to the non-presentation of the unconditional Bank Guarantee/Insurance Bond as at this date.

26 Related party transactions

The Commission controls three structured entities namely the Capital Market Development Fund, the National Investors Protection Fund and the Nigeria Capital Market Institute. These structured entities were formed by the Commission, and are companies limited by guarantee hence they have no share capital. The Commission controls the three entities as the activities of the structured entities are controlled by the Commission's personnel and those activities are in furtherance of the Commissions' goals and objectives. The structured entities are also wholly funded by the Commission.

26.1 Key management personnel compensation

Key management personnels in the Commission are executive members of the Board of the Commission. The compensation paid or payable to key management for employee services is shown below :

	Group		Commission	
	31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N' 000	31 December 2015 N' 000
Short term benefits /executive compensation	202,701	212,255	202,701	212,255
Post employment benefits	296,153	483,769	296,153	483,769
	498,854	**696,024**	**498,854**	**696,024**

The average number of persons, excluding Commissioners, employed by the Group and the Commission during the year was as follows:

	31 December 2016 N' 000	31 December 2015 N' 000	31 December 2016 N '000	31 December 2015 N '000
Senior management	68	78	68	78
Management	334	304	334	304
Non management	451	355	451	355
	853	737	**853**	737

26.2 Balances with related parties

This represents the total amount of transactions between the Commission and its related parties stated below:

Group	**Nature of relationship**	**Nature of balance**	**31 December 2016** N' 000	**31 December 2015** N' 000	**31 December 2016** N' 000	**31 December 2015** N' 000
Director General	Key management personnel	Loan	2,530	5,873	2,530	5,873
Executive Commissioner (Corporate Services)	Key management personnel	Loan	2,687	6,239	2,687	6,239
Executive Commissioner (Legal & Environment)	Key management personnel	Loan	5,000	5,000	5,000	5,000

Commission	**Nature of relationship**	**Nature of balance**	**31 December 2016** N' 000	**31 December 2015** N' 000	**31 December 2016** N' 000	**31 December 2015** N' 000
Director General	Key management personnel	Loan	2,530	5,873	2,530	5,873
Executive Commissioner, Corporate Services)	Key management personnel	Loan	2,687	6,239	2,687	6,239
Executive Commissioner, Legal & Environment)	Key management personnel	Loan	5,000	5,000	5,000	5,000
Capital Market Development Fund	Subsidiary	Payable	6,141,554	1,411,407	6,141,554	1,411,407
National Investors Protection Fund	Subsidiary	Payable	6,288,265	3,175,600	6,288,265	3,175,600
Nigerian Capital Market Institute	Subsidiary	Payable	5,669,683	3,513,415	5,669,683	3,513,415

None of the loans to key management personnel is neither past due nor impaired. Hence no specific provision was required in 2016 (2015: nil) for the loans made to key management personnel. The loans are repayable monthly and the interest rate ranges between 1% to 2%. The repayment period ranges between 2 to 10 years.

The payables to related parties arise mainly from funding arrangement between the Commission and Fund. They are short term in nature.

26.3 Investments in subsidiaries

National Investors Protection Fund

The National Investors Protection Fund was incorporated in March 2012 as a company limited by guarantee for the purpose of compensating investors (not covered by the National Investors Protection Fund operated by the Nigeria Stock Exchange) who suffer losses due to systematic failures in the capital market. The National Investors Protection Fund has no Share Capital.

Capital Market Development Fund

The Capital Market Development fund is an unincorporated structured entity. The Commission set aside funds for the purpose of facilitating the development of the capital market.

Nigerian Capital Market Institute

The Commission has interest in the Nigerian Capital Market Institute (NCMI), the erstwhile educational and training unit of the Commission. The Commission registered NCMI as a company limited by guarantee, so as to provide training and other capacity building initiatives for members of the investing public.

The Commission controls Nigerian Capital Market Institute as reflected by the following:

a) The Key Management Personnel of the Institute are Senior officers of the Commission;

b) The Institute's operations are dependent on funding from the Commission;

c) A significant portion of the relevant activities of NCMI are directed by the Commission;

d) The Commission has power to affect the returns from the operations of NCMI. The Commission determines the compensation policy and available for the operations of NCMI.

The nature of risks associated with the Commission's interests in the consolidated structured entities
The risk associated with the Commission's interests in these structured entities is in the provision of funds for their operation. The Commission is committed to ensuring that the entities perform as designed and could be exposed if they fail to discharge of their stated functions. The other risk lies with the guarantee the Commission provided on incorporation of some the entities. These guarantees exposes the Commission to potential adverse risks as the Commission might be required to inject more funds into the structured entities to keep them going.
During the year 2013, the Commission set aside a total of N15 billion to the three structured entities as start up funding.

The summarised financial information of these consolidated structured entities are provided below. This information is based on amounts before inter-company eliminations.

Statement of financial position as at 31 December 2016

	Commission	National Investors Protection Fund	Capital Market Development Fund	Nigerian Capital Market Institute
	N'000	N'000	N'000	N'000
Assets				
Non-current assets				
Property and equipment	3,345,466	-	-	-
Intangible assets	30,058	-	-	-
Interest in structured entities	15,000,000	-	-	-
Staff loans and other receivables	1,066,374	6,288,265	6,140,554	5,560,189
Held to maturity financial assets	4,643,249	-	-	-
Prepayments	1,989,859	-	-	-
Total non-current assets	**26,075,006**	**6,288,265**	**6,140,554**	**5,560,189**
Current assets				
Staff loans and other receivables	1,085,880	-	-	2,686
Held to maturity financial assets	13,779,957	-	-	-
Prepayments	-			
Cash and bank balances	1,327,562	-	-	59,325
Total current assets	**16,193,399**	-	-	**62,011**
Total assets	**42,268,405**	**6,288,265**	**6,140,554**	**5,622,200**
Equity				
Capital fund	496,858	-	-	-
Capital reserve fund	447,676	-	-	-
Accumulated reserve fund	21,344,542	1,277,670	1,137,887	417,942
Capital	-	5,000,000	5,000,000	5,000,000
Total equity	**22,289,076**	**6,277,670**	**6,137,887**	**5,417,942**
Liabilities				
Current liabilities				
Sundry and other creditors	19,000,074	10,595	2,667	204,258
Provision for accrued charges	654,402	-	-	-
Retirement benefit obligations	324,853	-	-	-
Total liabilities	**19,979,329**	**10,595**	**2,667**	**204,258**
Total equity and liabilities	**42,268,405**	**6,288,265**	**6,140,554**	**5,622,200**
Statement of profit or loss and other comprehensive income				
Fee income from operations	3,627,563	-	-	53,365
Interest Income	1,629,593	7,943	2,947	19,654
Other Income	568	-	-	600
Total income	**5,257,724**	**7,943**	**2,947**	**73,619**
Employee benefits expense	5,996,721	-	-	-
Depreciation and amortisation expenses	309,884	-	-	-
Finance cost	6,780			
Other operating expenses	2,105,599	15,940	1,000	271,882
Total expenditure	**8,418,984**	**15,940**	**1,000**	**271,882**
Deficit/(income) for the year	**(3,161,260)**	**(7,997)**	**1,947**	**(198,263)**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gain on defined benefit scheme	535,505	-	-	-
Other comprehensive income for the year	**535,505**	-	-	-
Total comprehensive loss for the year	**(2,625,755)**	**(7,997)**	**1,947**	**(198,263)**

Statement of financial position as at 31 December 2015

	Commission N'000	National Investors Protection Fund N'000	Capital Market Development Fund N'000	Nigerian Capital Market Institute N'000
Assets				
Non-current assets				
Property and equipment	3,560,994	-	-	-
Intangible assets	14,390	-	-	-
Interest in structured entities	15,000,000	-	-	-
Staff loans and other receivables	720,713	-	-	3,317,999
Held to maturity financial assets	7,609,367	-	-	-
Prepayments	2,772,153	-	-	-
Retirement benefit assets	-	-	-	-
Total non-current assets	**29,677,617**	**-**	**-**	**3,317,999**
Current assets				
Staff loans and other receivables	657,883	3,167,593	1,484,984	-
Held to maturity financial assets	-	-	-	-
Cash and bank balances	4,343,350	3,127,668	4,653,623	2,501,464
Total current assets	**5,001,233**	**6,295,261**	**6,138,607**	**2,501,464**
Total assets	**34,678,850**	**6,295,261**	**6,138,607**	**5,819,463**
Equity				
Capital fund	496,858	-	-	-
Capital reserve fund	447,676	-	-	-
Accumulated reserve fund	23,970,297	1,286,666	1,136,940	616,205
Capital	-	5,000,000	5,000,000	5,000,000
Total equity	**24,914,831**	**6,286,666**	**6,136,940**	**5,616,205**
Liabilities				
Current liabilities				
Sundry and other creditors	8,439,167	8,595	1,667	203,258
Provision for accrued charges	652,922	-	-	-
Finance lease	25,458	-	-	-
Retirement benefit obligations	646,472	-	-	-
Total liabilities	**9,764,019**	**8,595**	**1,667**	**203,258**
Total equity and liabilities	**34,678,850**	**6,295,261**	**6,138,607**	**5,819,463**
Statement of profit or loss and other comprehensive income				
Fee income from operations	4,392,631			
Interest Income	1,286,850	566,793	502,773	338,284
Other Income	2,038	-	-	42,548
Total income	**5,681,519**	**566,793**	**502,772**	**380,832**
Employee benefits expense	7,717,682	-	-	-
Finance cost	5,025	-	-	-
Depreciation and amortisation expenses	312,884	-	-	-
Other operating expenses	2,541,969	1,051	1,679	198,722
Total expenditure	**10,577,560**	**1,051**	**1,679**	**198,722**
(Deficit)/income for the year	**(4,896,041)**	**565,742**	**501,093**	**182,110**
Other comprehensive income				
Items that will not be reclassified				
Remeasurement gain on defined benefit scheme	(548,700)	-	-	-
Other comprehensive income for the year	**(548,700)**	**-**	**-**	**-**
Total comprehensive income for the year	**(5,444,741)**	**565,742**	**501,093**	**182,110**

Other national disclosures

Securities and Exchange Commission
Other national disclosures
For the year ended 31 December 2016
Statements of value added

Group	**31 December 2016 N '000**	**%**	**31 December 2015 N '000**	**%**
Gross income	5,336,178		7,131,917	
Operating expenses				
- local	2,272,877		2,610,965	
- foreign	-		-	
Value added	**3,063,301**	**100%**	**4,520,952**	**100%**
Distribution				
Employees				
Employee benefits expense	6,112,209	200%	7,864,063	174%
Providers of capital				
Deficit for the year	(3,365,572)	(110%)	(3,661,020)	(81%)
Finance cost	6,780	0%	5,025	0%
The future				
Depreciation and amortisation expenses	309,884	10%	312,884	7%
	3,063,301	**100%**	**4,520,952**	**100%**

Commission	**31 December 2016 N '000**	**%**	**31 December 2015 N '000**	**%**
Gross income	5,257,724		5,681,519	
Operating expenses				
- local	2,105,599		2,541,969	
- foreign	-		-	
Value added	**3,152,125**	**100%**	**3,139,550**	**100%**
Distribution				
Employees				
Employee benefits expense	5,996,721	190%	7,717,682	246%
Providers of capital				
Deficit for the year	(3,161,260)	(100%)	(4,896,041)	(156%)
Finance cost	6,780	0%	5,025	0%
The future				
Depreciation and amortisation expenses	309,884	9%	312,884	10%
	3,152,125	**100%**	**3,139,550**	**100%**

Securities and Exchange Commission
Other national disclosures
For the year ended 31 December 2016
Four year financial summary (Group)

	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Assets				
Non-current assets				
Property and equipment	3,345,466	3,560,994	3,582,272	3,724,910
Intangible assets	30,058	14,390	29,808	60,154
Staff loans and other receivables	1,066,374	720,713	808,004	746,207
Held to maturity financial assets	4,643,249	7,609,367	7,595,522	7,583,606
Prepayments	1,989,859	2,772,153	2,564,617	2,466,018
Retirement benefit assets	-	-	-	203,501
Total non-current assets	**11,075,006**	**14,677,617**	**14,580,223**	**14,784,396**
Current assets				
Staff loans and other receivables	873,048	572,602	286,618	219,882
Held to maturity financial assets	13,779,957	-	4,076,910	1,462,992
Prepayments	-	-	-	-
Cash and bank balances	1,386,887	14,578,889	15,252,481	17,935,509
Total current assets	**16,039,892**	**15,151,491**	**19,616,009**	**19,618,383**
Total assets	**27,114,898**	**29,829,108**	**34,196,232**	**34,402,779**
Equity and liabilities				
Equity				
Capital grant	496,858	496,858	496,858	496,858
Capital reserve fund	447,676	447,676	447,676	447,676
Accumulated reserve fund	24,178,043	27,008,110	31,217,830	31,291,371
Total equity	**25,122,577**	**27,952,644**	**32,162,364**	**32,235,905**
Liabilities				
Non current liabilities				
Retirement benefit obligations	324,853	646,472	61,227	-
Total non-current liabilities	**324,853**	**646,472**	**61,227**	-
Current liabilities				
Sundry and other creditors	1,010,066	551,612	1,352,641	1,546,874
Provision and accruals	657,402	652,922	620,000	620,000
Finance lease	-	25,458	-	-
Total current liabilities	**1,667,468**	**1,229,992**	**1,972,641**	**2,166,874**
Total liabilities	**1,992,321**	**1,876,464**	**2,033,868**	**2,166,874**
Total equity and liabilities	**27,114,898**	**29,829,108**	**34,196,232**	**34,402,779**

Statement of Comprehensive Income (Group)

	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Fee income from operations	3,627,563	4,392,631	6,928,650	4,257,684
Interest income	1,660,077	2,694,700	2,526,691	3,027,075
Other operating income	48,538	44,586	20,472	530
Total income	**5,336,178**	**7,131,917**	**9,475,813**	**7,285,289**
Employee benefits expense	6,112,209	7,864,063	5,004,534	4,774,588
Depreciation and amortisation expenses	309,884	312,884	455,129	358,008
Finance cost	6,780	5,025	-	-
Other operating expenses	2,272,877	2,610,965	3,820,667	3,832,662
Total expenditure	**8,701,750**	**10,792,937**	**9,280,330**	**8,965,258**
Surplus/(Deficit) for the year	**(3,365,572)**	**(3,661,020)**	**195,483**	**(1,679,969)**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement (loss)/gains on defined benefit scheme	535,505	(548,700)	(269,024)	83,923
Other comprehensive income for the year	**535,505**	**(548,700)**	**(269,024)**	**83,923**
Total comprehensive income loss for the year	**(2,830,067)**	**(4,209,720)**	**(73,541)**	**(1,596,046)**

Securities and Exchange Commission
Other national disclosures
For the year ended 31 December 2016
Five year financial summary (Commission)

	31 December 2016 N'000	31 December 2015 N'000	31 December 2014 N'000	31 December 2013 N'000	31 December 2012 N'000
Assets					
Non-current assets					
Property and equipment	3,345,466	3,560,994	3,582,272	3,724,910	3,858,262
Intangible assets	30,058	14,390	29,808	60,154	89,325
Interest in structured entities	15,000,000	15,000,000	15,000,000	15,000,000	-
Staff loans and other receivables	1,066,374	720,713	808,004	746,207	231,699
Held to maturity financial assets	4,643,249	7,609,367	7,595,522	7,583,606	7,555,667
Prepayments	1,989,859	2,772,153	2,564,617	2,466,018	-
Retirement benefit assets	-	-	-	203,501	513,950
Total non-current assets	**26,075,006**	**29,677,617**	**29,580,223**	**29,784,396**	**12,248,903**
Current assets					
Staff loans and other receivables	1,085,880	657,883	292,765	226,030	1,409,928
Held to maturity financial assets	13,779,957	-	3,666,617	1,462,992	1,007,472
Prepayments	-	-			
Cash and bank balances	1,327,562	4,343,350	1,193,027	5,759,473	20,866,254
Total current assets	**16,193,399**	**5,001,233**	**5,152,409**	**7,448,495**	**23,283,654**
Total assets	**42,268,405**	**34,678,850**	**34,732,632**	**37,232,891**	**35,532,557**
Equity and liabilities					
Equity					
Capital grant	496,858	496,858	496,858	496,858	496,858
Capital reserve fund	447,676	447,676	447,676	447,676	447,676
Accumulated reserve fund	21,344,542	23,970,297	29,415,038	30,765,449	23,295,309
Other reserves	-	-	-	-	10,000,000
Total equity	**22,289,076**	**24,914,831**	**30,359,572**	**31,709,983**	**34,239,843**
Liabilities					
Non current liabilities					
Retirement benefit obligations	324,853	646,472	61,227	-	-
Total non-current liabilities	**324,853**	**646,472**	**61,227**	-	-
Current liabilities					
Sundry and other creditors	19,000,074	8,439,167	3,691,833	4,902,908	127,596
Provision and accruals	654,402	652,922	620,000	620,000	1,165,118
Finance lease	-	25,458	-	-	-
Total current liabilities	**19,654,476**	**9,117,547**	**4,311,833**	**5,522,908**	**1,292,714**
Total liabilities	**19,979,329**	**9,764,019**	**4,373,060**	**5,522,908**	**1,292,714**
Total equity and liabilities	**42,268,405**	**34,678,850**	**34,732,632**	**37,232,891**	**35,532,557**

Statement of Comprehensive Income (Commission)

	31 December 2016 N'000	31 December 2015 N'000	31 December 2014 N'000	31 December 2013 N'000	31 December 2012 N'000
Fee income from operations	3,627,563	4,392,631	6,928,650	4,257,684	3,258,683
Interest income	1,629,593	1,286,850	1,263,270	2,501,153	2,692,549
Other operating income	568	2,038	2,007	530	39,693
Total income	**5,257,724**	**5,681,519**	**8,193,927**	**6,759,367**	**5,990,925**
Employee benefits expense	5,996,721	7,717,682	5,004,534	4,774,588	4,456,325
Depreciation and amortisation expenses	309,884	312,884	455,129	358,008	347,848
Finance cost	6,780	5,025	-	-	-
Other operating expenses	2,105,599	2,541,969	3,815,651	3,832,662	2,083,464
Total expenditure	**8,418,984**	**10,577,560**	**9,275,314**	**8,965,258**	**6,887,637**
Surplus/(Deficit) for the year	**(3,161,260)**	**(4,896,041)**	**(1,081,387)**	**(2,205,891)**	**(896,712)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement (loss)/gains on defined benefit scheme	535,505	(548,700)	(269,024)	83,923	622,467
Other comprehensive income for the year	**535,505**	**(548,700)**	**(269,024)**	**83,923**	**622,467**
Total comprehensive loss for the year	**(2,625,755)**	**(5,444,741)**	**(1,350,411)**	**(2,121,968)**	**(274,245)**