

**Securities and Exchange Commission**

**Consolidated and separate financial  
statements for the year ended 31 December  
2017**

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Contents**

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	<b>Page</b>
Board of the Commission, professional advisers and offices	1
Report of the Board of the Commission	3
Statement of Board's responsibility	4
Report of the independent auditor	6
Statements of profit or loss and other comprehensive income	9
Statements of financial position	10
Statements of changes in equity	11
Statements of cash flows	12
Notes to the consolidated and separate financial statements	13
<b>Other national disclosures:</b>	
Statements of value added	47
Five - year financial summary	48

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Board of the Commission, professional advisers and offices**

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**Board of the Commission:**

Mr. Olufemi Lijadu	Chairman*
Mallam Mounir H. Gwarzo	Director General (January - November 2017)
Dr. Abdul Zubair	Ag. Director General (November 2017 - April 2018)
Ms. Mary Uduk	Ag. Director General (Effective April 2018)
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

\*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The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, new executive members were inaugurated on 24 June 2019.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 Towers, 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](http://www.sec.gov.ng)

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Board of the Commission, professional advisers and offices**

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**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.

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Report of the Board of the Commission**

The Board of the Securities and Exchange Commission ("the Commission" or "SEC") presents its audited financial statements for the year ended 31 December, 2017.

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 2017 N '000	31 December 2016 N '000	31 December 2017 N '000	31 December 2016 N '000
Income	7,890,443	5,336,178	7,825,229	5,257,724
Expenditure	(7,908,062)	(8,701,750)	(7,547,449)	(8,418,984)
<b>Surplus/ (deficit) for the year</b>	<b>(17,619)</b>	<b>(3,365,572)</b>	<b>277,780</b>	<b>(3,161,260)</b>

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Report of the Board of the Commission (Cont'd)**

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**5 Property and equipment**

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

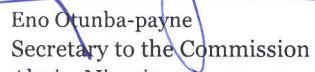
**6 Financial commitments**

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

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Statement of Board's responsibility for the financial statements**

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In accordance with the provisions of the Investments and Securities Act, 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) and Financial Reporting Council of Nigeria (FRCN) Act.

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;
- 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 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) and the Financial Reporting Council of Nigeria (FRCN) Act.

The Board 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.

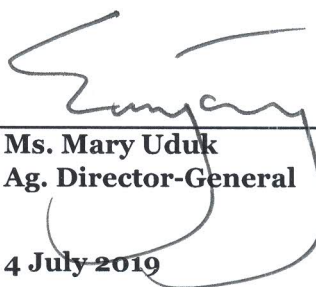
Nothing has come to the attention of the Board to indicate that the Commission will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Board by:



**Mr. Olufemi Lijadu**  
**Chairman, Board of the Commission**

**4 July 2019**



**Ms. Mary Uduk**  
**Ag. Director-General**

**4 July 2019**



## 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 2017, 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 2017;
- 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 the 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.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria





### *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 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.

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

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



3 September 2019

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Statement of profit or loss and other comprehensive income

	Note	Group		Commission	
		31 December 2017	31 December 2016	December 2017	31 December 2016
		N '000	N '000	N '000	N '000
Fee income from operations	4	5,116,651	3,627,563	5,116,651	3,627,563
Interest income	5	2,706,196	1,660,077	2,706,196	1,629,593
Other income	6	67,596	48,538	2,382	568
<b>Total income</b>		<b>7,890,443</b>	<b>5,336,178</b>	<b>7,825,229</b>	<b>5,257,724</b>
Employee benefits expense	7	(5,759,407)	(6,112,209)	(5,600,639)	(5,996,721)
Depreciation and amortisation expenses	8	(299,391)	(309,884)	(294,170)	(309,884)
Finance cost	9	-	(6,780)	-	(6,780)
Other operating expenses	10	(1,849,264)	(2,272,877)	(1,652,640)	(2,105,599)
<b>Total expenditure</b>		<b>(7,908,062)</b>	<b>(8,701,750)</b>	<b>(7,547,449)</b>	<b>(8,418,984)</b>
<b>(Deficit)/surplus for the year</b>		<b>(17,619)</b>	<b>(3,365,572)</b>	<b>277,780</b>	<b>(3,161,260)</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Actuarial gain on defined benefit scheme	20	225,517	535,505	225,517	535,505
<b>Other comprehensive income for the year</b>		<b>225,517</b>	<b>535,505</b>	<b>225,517</b>	<b>535,505</b>
<b>Total comprehensive gain/(loss) for the year</b>		<b>207,898</b>	<b>(2,830,067)</b>	<b>503,297</b>	<b>(2,625,755)</b>

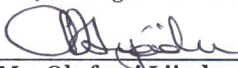
The accompanying notes are an integral part of these financial statements.

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Statement of financial position

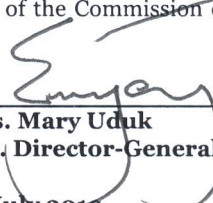
	Note	Group		Commission	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		N '000	N '000	N '000	N '000
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	12	97,869	30,058	97,869	30,058
Property and equipment	11	3,243,133	3,345,466	3,209,429	3,345,466
Retirement benefit assets	20	130,084	-	130,084	-
Interest in structured entities	13	-	-	15,000,000	15,000,000
Staff loans and other receivables	14	1,009,683	1,066,374	1,009,683	1,066,374
Held to maturity financial assets	15	2,333,349	4,643,249	2,333,349	4,643,249
Prepayments	16	2,882,326	1,989,859	2,882,174	1,989,859
<b>Total non-current assets</b>		<b>9,696,444</b>	<b>11,075,006</b>	<b>24,662,588</b>	<b>26,075,006</b>
<b>Current assets</b>					
Staff loans and other receivables	14	204,816	873,048	204,816	1,085,880
Held to maturity financial assets	15	5,373,035	13,779,957	5,373,035	13,779,957
Cash and bank balances	17	11,471,575	1,386,887	11,346,938	1,327,562
<b>Total current assets</b>		<b>17,049,426</b>	<b>16,039,892</b>	<b>16,924,789</b>	<b>16,193,399</b>
<b>Total assets</b>		<b>26,745,870</b>	<b>27,114,898</b>	<b>41,587,377</b>	<b>42,268,405</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Retirement benefit obligations	20	-	324,853	-	324,853
<b>Total non-current liabilities</b>		<b>-</b>	<b>324,853</b>	<b>-</b>	<b>324,853</b>
<b>Current liabilities</b>					
Sundry and other creditors	18	1,325,677	1,010,066	18,711,052	19,000,074
Provision and accruals	19	673,478	657,402	667,712	654,402
<b>Total current liabilities</b>		<b>1,999,155</b>	<b>1,667,468</b>	<b>19,378,764</b>	<b>19,654,476</b>
<b>Total liabilities</b>		<b>1,999,155</b>	<b>1,992,321</b>	<b>19,378,764</b>	<b>19,979,329</b>
<b>Equity</b>					
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		23,802,181	24,178,043	21,264,079	21,344,542
<b>Total equity</b>		<b>24,746,715</b>	<b>25,122,577</b>	<b>22,208,613</b>	<b>22,289,076</b>
<b>Total equity and liabilities</b>		<b>26,745,870</b>	<b>27,114,898</b>	<b>41,587,377</b>	<b>42,268,405</b>

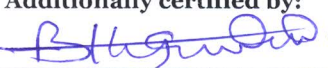
The accompanying notes are an integral part of these financial statements.

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

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Statement of changes in equity**

<b>Group</b>	<b>Capital grant</b>	<b>Capital reserve fund</b>	<b>Accumulated fund</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>At 1 January 2017</b>	<b>496,858</b>	<b>447,676</b>	<b>24,178,043</b>	<b>25,122,577</b>
Deficit for the year	-	-	(17,619)	(17,619)
Transfer to Consolidated Revenue Fund account	-	-	(583,760)	(583,760)
Actuarial gain on defined benefit scheme	-	-	225,517	225,517
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(375,862)</b>	<b>(375,862)</b>
<b>At 31 December 2017</b>	<b>496,858</b>	<b>447,676</b>	<b>23,802,181</b>	<b>24,746,715</b>
<b>At 1 January 2016</b>	<b>496,858</b>	<b>447,676</b>	<b>27,008,110</b>	<b>27,952,644</b>
Deficit for the year	-	-	(3,365,572)	(3,365,572)
Actuarial gain on defined benefit scheme	-	-	535,505	535,505
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,830,067)</b>	<b>(2,830,067)</b>
<b>At 31 December 2016</b>	<b>496,858</b>	<b>447,676</b>	<b>24,178,043</b>	<b>25,122,577</b>
<b>Commission</b>				
	<b>Capital grant</b>	<b>Capital reserve fund</b>	<b>Accumulated fund</b>	<b>Total</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>At 1 January 2017</b>	<b>496,858</b>	<b>447,676</b>	<b>21,344,542</b>	<b>22,289,076</b>
Surplus for the year	-	-	277,780	277,780
Transfer to Consolidated Revenue Fund account	-	-	(583,760)	(583,760)
Actuarial gain on defined benefit scheme	-	-	225,517	225,517
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(80,463)</b>	<b>(80,463)</b>
<b>At 31 December 2017</b>	<b>496,858</b>	<b>447,676</b>	<b>21,264,079</b>	<b>22,208,613</b>
<b>At 1 January 2016</b>	<b>496,858</b>	<b>447,676</b>	<b>23,970,297</b>	<b>24,914,831</b>
Deficit for the year	-	-	(3,161,260)	(3,161,260)
Actuarial gain on defined benefit scheme	-	-	535,505	535,505
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,625,755)</b>	<b>(2,625,755)</b>
<b>At 31 December 2016</b>	<b>496,858</b>	<b>447,676</b>	<b>21,344,542</b>	<b>22,289,076</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Statement of cash flows

	Group		Commission		
	31 December 2017	31 December 2016	December 2017	31 December 2016	
	N '000	N '000	N '000	N '000	
<b>Cash flows from operating activities</b>					
<b>Net cash generated/(used in) from operating activities</b>	23	<b>304,657</b>	<b>(2,227,152)</b>	<b>200,420</b>	<b>7,949,062</b>
<b>Cash flows from investing activities</b>					
Acquisition of property and equipment	11	(190,729)	(101,744)	(151,804)	(101,744)
Proceeds from disposal of property and equipment		6,041	186	6,041	186
Interest received		1,737,172	-	1,737,172	-
Acquisition of intangible assets	12	(74,140)	(23,994)	(74,140)	(23,994)
Proceeds from maturity of financial assets		11,692,872	-	11,692,872	-
Acquisition of held to maturity financial assets		(3,332,767)	(10,813,840)	(3,332,767)	(10,813,840)
<b>Net cash generated/(used in) from investing activities</b>		<b>9,838,449</b>	<b>(10,939,392)</b>	<b>9,877,374</b>	<b>(10,939,392)</b>
<b>Cash flows from financing activities</b>					
Repayment of finance lease		-	(25,458)	-	(25,458)
Payment to Consolidated Reserve Account		(58,418)	-	(58,418)	-
<b>Net cash used in financing activities</b>		<b>(58,418)</b>	<b>(25,458)</b>	<b>(58,418)</b>	<b>(25,458)</b>
Net increase/(decrease) in cash and cash equivalents		10,084,688	(13,192,002)	10,019,376	(3,015,788)
Cash and cash equivalents at start of year		1,386,887	14,578,889	1,327,562	4,343,350
<b>Cash and cash equivalents at end of year</b>		<b>11,471,575</b>	<b>1,386,887</b>	<b>11,346,938</b>	<b>1,327,562</b>
<b>Cash and cash equivalents comprise:</b>					
Cash in hand	17	830	8,385	325	8,385
Cash and bank balances	17	11,470,745	1,378,502	11,346,613	1,319,177
<b>Total cash and cash equivalents</b>		<b>11,471,575</b>	<b>1,386,887</b>	<b>11,346,938</b>	<b>1,327,562</b>

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

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated and separate financial statements**

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**1. General information**

These financial statements are the consolidated and separate 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 2017.

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 include 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 and separate 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 2017 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.

**2.2 Basis of measurement**

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 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.

**2.3 Going concern**

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept.

**2.4 Changes in accounting policies and disclosures**

**2.4.1 New standards, amendments and interpretations adopted by the group.**

There were no new standards adopted by the Commission for the first time for the financial year beginning on or after 1 January 2017.

**2.4.2 Standards, amendments and interpretations issued but not yet effective.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 31 December 2017, and have not been applied in preparing these financial statements.

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated and separate financial statements**

**a) IFRS 9, 'Financial Instruments' (effective for periods beginning on or after 1 January 2018):**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The group has assessed the impact of IFRS 9 as disclosed in note 2.4.3 below.

**Classification and measurement**

IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

**Impairment of financial assets**

IFRS 9 will also fundamentally change the impairment methodology for financial assets. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Group will be required to record an allowance for expected losses for financial instruments at amortised cost and fair value through other comprehensive income. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

**Impact of changes in financial reporting standards**

The table below discloses the impact of adopting IFRS 9. There was no impact of adopting IFRS 15 on opening retained earnings at the date of initial application (i.e.; 1 January 2018).

**Impact of adoption of IFRS 9**

**i) Financial assets**

On 1 January 2018, the Group's management assessed the classification of its financial assets which is driven by the cash flow characteristics of the instrument and the business model in which the asset is held. The combined application of the business model and SPPI tests resulted in the reclassification of the following financial assets.

Group	Measurement category		Carrying amount	
	Original	New	Original	New
	IAS 39	IFRS 9	IAS 39	IFRS 9
Assets			N'000	N'000
Cash and bank balances	Loans and receivables	Amortised cost	11,471,575	11,471,575
Staff loans and other receivables	Loans and receivables	Amortised cost	1,214,500	1,086,188
Held to maturity financial	Held-to-maturity	Amortised cost	7,706,384	7,681,127



**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated and separate financial statements**

Commission	Measurement category		Carrying amount	
	Original	New	Original	New
	IAS 39	IFRS 9	IAS 39	IFRS 9
Assets			N'000	N'000
Cash and bank balances	Loans and receivables	Amortised cost	11,346,938	11,346,938
Staff loans and other receivables	Loans and receivables	Amortised cost	1,214,500	1,086,188
Held to maturity financial	Held-to-maturity	Amortised cost	7,706,384	7,681,127

**ii) Financial liabilities**

On 31 December 2017, there were no changes to the classification and measurement of financial liabilities.

**IFRS 9 Impact on Changes in Equity**

The Group has financial assets that are subject to IFRS 9's new expected credit loss model. Under IFRS 9, the Group is required to revise its previous impairment methodology under IAS 39 for each of these classes of assets.

- Staff loans
- Investment securities

The total impact on the Group's retained earnings as at 31 December 2017 is as follows:

**Group**

Closing retained earnings as at 31 December 2017– IAS 39	N'000
Increase in provision for staff loans	24,746,715
Increase in provision for investment securities	128,312
Total transition adjustments	25,257
Amended closing retained earnings as at 31 December 2017 on adoption of IFRS 9	24,593,146

**Commission**

Closing retained earnings as at 31 December 2017– IAS 39	N'000
Increase in provision for staff loans	22,208,612
Increase in provision for investment securities	128,312
Total transition adjustments	25,257
Amended closing retained earnings as at 31 December 2017 on adoption of IFRS 9	22,055,043

**b) IFRS 15, 'Revenue from contracts with customers' (effective for the period beginning on or after 1 January 2018):**

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.

**Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated and separate financial statements**

**Impact of adoption of IFRS 15**

There was no material quantitative impact on the Group's revenue. Qualitative disclosures have been updated as applicable.

The Group's typical performance obligations include the following:

<b>Performance obligation</b>	<b>When performance obligation is typically satisfied</b>	<b>When payment is typically due</b>	<b>How stand alone selling price is typically allocated</b>
Revenue from market transaction fees	Once the market transaction is consummated	0-3 days after invoicing	Observable in transactions without multiple performance obligations
Revenue from registration of	Once application is received	Upon filing of application	
Revenue from registration of	Once application is received	Upon filing of application	
Revenue from penalties and other transaction fees	Once the party sanctioned acknowledges liability	Upon agreement of payment plan with the party	

**c) 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.

The group is yet to assess the impact of IFRS 16.

**2.5 Consolidation**

The financial statements of the consolidated subsidiaries used to prepare these financial statements were prepared as of the Commission'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 2017. 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 entities, the Commission has practical ability to direct the relevant activities of these entities, power over the entities, is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect these returns through its power over the entities. 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 achieves 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.

**2.6 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.

**2.7 Financial assets and liabilities**

**a) 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.

**b) Subsequent measurement**

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

**c) 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.

**2.7.1 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 amortized 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.

**2.7.2 Financial liabilities**

**a) Financial liabilities at fair value through profit or 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.

**2.7.3 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.

**2.7.4 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.

**2.7.5 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.

**2.7.6 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.

**2.7.7 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.

Impairment charges on financial assets are net off against interest from that financial assets in profit or loss within 'Other operating expenses'.

## **2.8 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.

## **2.9 Revenue recognition**

### **a) 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.

### **b) 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.

## **2.10 Cash and cash equivalents**

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 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.

## 2.11 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 reliably 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
- Office furniture, fittings and equipment: 4 years
- Computer hardware: 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.

## 2.12 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.



**2.13 Employee benefits**

**Post-employment benefits**

**Defined contribution scheme**

For defined contribution plans, the Commission pays contributions to privately administered pension 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.

**2.14 Provisions**

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.

**2.15 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.

**2.16 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.

**2.17 Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Account payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**2.18 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.

**2.19 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

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.

#### 3.1 Credit risk

##### 3.1.1 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.

##### 3.1.2 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 2017 and 31 December 2016.

###### Group

At 31 December 2017 (N'000)

	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Nigeria	1,214,499	11,470,745	7,706,384	20,391,628
	<b>1,214,499</b>	<b>11,470,745</b>	<b>7,706,384</b>	<b>20,391,628</b>

###### Commission

At 31 December 2017 (N'000)

	Staff loans and other receivables	Bank balances	Held to maturity financial assets	Total
Nigeria	1,214,499	11,346,613	7,706,384	20,267,496
	<b>1,214,499</b>	<b>11,346,613</b>	<b>7,706,384</b>	<b>20,267,496</b>

###### 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
	<b>1,939,422</b>	<b>1,378,502</b>	<b>18,423,206</b>	<b>21,741,130</b>

###### 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
	<b>2,152,254</b>	<b>1,319,177</b>	<b>18,423,206</b>	<b>21,894,637</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated and separate financial statements

**(b) Industry sectors**

<b>Group</b> At 31 December 2017 (N'000)	<b>Staff loans and other receivables</b>	<b>Bank balances</b>	<b>Held to maturity financial assets</b>	<b>Total</b>
Government	-	-	7,706,384	7,706,384
Financial services	-	11,470,745	-	11,470,745
Others	1,214,499	-	-	1,214,499
	<b>1,214,499</b>	<b>11,470,745</b>	<b>7,706,384</b>	<b>20,391,628</b>

<b>Commission</b> At 31 December 2017 (N'000)	<b>Staff loans and other receivables</b>	<b>Bank balances</b>	<b>Held to maturity financial assets</b>	<b>Total</b>
Government	-	-	7,706,384	7,706,384
Financial services	-	11,346,613	-	11,346,613
Others	1,214,499	-	-	1,214,499
	<b>1,214,499</b>	<b>11,346,613</b>	<b>7,706,384</b>	<b>20,267,496</b>

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

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

**3.1.3 Credit quality of financial assets**

The credit quality of our financial assets is neither past due nor impaired and can be assessed by reference to external credit rating (S&P). The risk of default is considered low.

	<b>Group</b>		<b>Commission</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>(i) Held to maturity financial assets</b>				
B	7,706,384	18,423,206	7,706,384	18,423,206
	<b>7,706,384</b>	<b>18,423,206</b>	<b>7,706,384</b>	<b>18,423,206</b>

	<b>Group</b>		<b>Commission</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>(ii) Bank balances</b>				
B	11,470,745	1,378,502	11,346,613	1,319,177
NR	830	8,385	325	8,385
	<b>11,471,575</b>	<b>1,386,887</b>	<b>11,346,938</b>	<b>1,327,562</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated and separate financial statements

The interpretation of the credit quality is as shown in the table below:

B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.
NR	This indicates that no rating has been requested, or that there is insufficient information on which to base a rating, or that S&P Global Ratings does not rate a particular obligation as a matter of policy.

**3.1.4 Maximum exposure to credit risk**

The Group's maximum exposure to credit risk at 31 December 2017, is represented by the net carrying amounts of the financial assets set out in Note 3.1.2 above.

**3.2 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 2017, 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.

- 3.2.1** 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 2017

Group	Less than 3 months N'000	Over a year N'000	Carrying amount N'000
Sundry and other creditors	779,464	525,342	1,304,806
<b>Total financial liabilities</b>	<b>779,464</b>	<b>525,342</b>	<b>1,304,806</b>
<b>Asset used to manage liquidity</b>			
Cash and cash equivalents			11,471,575
<b>Total financial assets</b>			<b>11,471,575</b>
<b>Gap</b>			<b>10,166,769</b>

At 31 December 2017

Commission	Less than 3 months N'000	Carrying amount N'000
Sundry and other creditors	18,690,181	18,690,181
<b>Total financial liabilities</b>	<b>18,690,181</b>	<b>18,690,181</b>
<b>Asset used to manage liquidity</b>		
Cash and cash equivalents		11,346,938
<b>Total financial assets</b>		<b>11,346,938</b>
<b>Gap</b>		<b>7,343,243</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated and separate financial statements

At 31 December 2016 Group	Less than 3 months N'000	Carrying amount N'000
Sundry and other creditors	884,446	884,446
<b>Total financial liabilities</b>	<b>884,446</b>	<b>884,446</b>
<b>Asset used to manage liquidity</b>		
Cash and cash equivalents		1,386,887
<b>Total financial assets</b>		<b>1,386,887</b>
<b>Gap</b>		<b>502,441</b>
At 31 December 2016 Commission	Less than 3 months N'000	Carrying amount N'000
Sundry and other creditors	18,874,454	18,874,454
<b>Total financial liabilities</b>	<b>18,874,454</b>	<b>18,874,454</b>
<b>Asset used to manage liquidity</b>		
Cash and cash equivalents		1,327,562
<b>Total financial assets</b>		<b>1,327,562</b>
<b>Gap</b>		<b>(17,546,892)</b>

### 3.3 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.

#### 3.3.1 Foreign exchange risk

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

The Group does not have investment in foreign currency hence is not exposed to foreign exchange risk.

#### 3.3.2 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.

#### 3.3.3 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.

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated and separate financial statements

**3.4 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.

**3.5 Fair value of financial assets and liabilities**

The financial instruments disclosed below are for financial assets not designated at fair value.

Group	Carrying value 2017 N'000	Fair value 2017 N'000	Carrying value 2016 N'000	Fair value 2016 N'000
<b>Financial assets</b>				
Cash and bank balances	11,471,575	11,471,575	1,386,887	1,386,887
Debt securities (amortised cost)				
- Federal Government of Nigeria bonds and treasury bills	7,706,384	6,940,328	18,423,206	16,545,484
Staff loans	1,009,683	1,079,250	1,067,340	1,067,340
Other receivables	204,816	204,816	1,084,914	1,084,914
	<b>20,392,458</b>	<b>19,695,969</b>	<b>21,962,347</b>	<b>20,084,625</b>
<b>Financial liabilities</b>				
Sundry creditors	1,304,806	1,304,806	884,446	884,446
Accruals	53,478	53,478	37,402	37,402
	<b>1,358,284</b>	<b>1,358,284</b>	<b>921,848</b>	<b>921,848</b>
<b>Commission</b>				
	At 31 December 2017		At 31 December 2016	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
<b>Financial assets</b>				
Cash and bank balances	11,346,938	11,346,938	1,327,562	1,327,562
Debt securities (amortised cost)				
- Federal Government of Nigeria bonds and treasury bills	7,706,384	6,940,328	18,423,206	16,545,484
Staff loans	1,009,683	1,079,250	1,074,850	1,074,850
Other receivables	204,816	204,816	1,077,404	1,077,404
	<b>20,267,821</b>	<b>19,571,332</b>	<b>21,903,022</b>	<b>20,025,300</b>
<b>Financial liabilities</b>				
Sundry creditors	18,690,181	18,690,181	18,874,454	18,874,454
Accruals	47,712	47,712	34,402	34,402
	<b>18,737,893</b>	<b>18,737,893</b>	<b>18,908,856</b>	<b>18,908,856</b>



**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated and separate financial statements**

**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 2017 (N'000)**

**Financial assets**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	3,853,111	-
- Federal Government of Nigeria Treasury bills	-	3,087,217	-
Staff loan	-	-	1,079,250
Other receivables	-	-	204,816

**At 31 December 2017 (N'000)**

**Financial liabilities**

Sundry creditors	-	-	1,304,806
Accruals	-	-	53,478

**Commission**

**At 31 December 2017 (N'000)**

**Financial assets**

Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	3,853,111	-
- Federal Government of Nigeria Treasury bills	-	3,087,217	-
Staff loan	-	-	1,079,250
Other receivables	-	-	204,816

**At 31 December 2017 (N'000)**

**Financial liabilities**

Sundry creditors	-	-	18,690,181
Accruals	-	-	47,712

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated and separate financial statements**

Group	Level 1	Level 2	Level 3
<b>At 31 December 2016 (N'000)</b>			
<b>Financial assets</b>			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	6,770,889	-
- Federal Government of Nigeria Treasury bills	-	9,774,595	-
Staff loan	-	-	1,067,340
Other receivable	-	-	872,082
<b>At 31 December 2016 (N'000)</b>			
<b>Financial liabilities</b>			
Sundry creditors	-	-	884,446
Accruals	-	-	37,402
<b>Commission</b>			
<b>At 31 December 2016 (N'000)</b>			
<b>Financial assets</b>			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	6,770,889	-
- Federal Government of Nigeria Treasury bills	-	9,774,595	-
Staff loan	-	-	1,067,340
Other receivable	-	-	1,084,914
<b>At 31 December 2016 (N'000)</b>			
<b>Financial liabilities</b>			
Sundry creditors	-	-	18,874,454
Accruals	-	-	34,402

***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.

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated financial statements**

4	Fee income	Group		Commission	
		31 December 2017 N '000	31 December 2016 N '000	31 December 2017 N '000	31 December 2016 N '000
	Market transaction fees	3,602,417	1,692,499	3,602,417	1,692,499
	Registration of securities				
	- Bonds	192,404	258,542	192,404	258,542
	- Equities	258,294	157,080	258,294	157,080
	- Right issues	262,616	23,264	262,616	23,264
	- Bonus shares	5,850	7,108	5,850	7,108
	Registration of operators	98,500	35,064	98,500	35,064
	Penalties and other transaction fees	696,570	1,454,006	696,570	1,454,006
		<b>5,116,651</b>	<b>3,627,563</b>	<b>5,116,651</b>	<b>3,627,563</b>
5	<b>Interest income</b>				
	Held to maturity financial assets - Treasury bills	2,058,626	778,705	2,058,626	748,221
	Held to maturity financial assets - Bonds	604,317	712,529	604,317	712,529
	Staff loans	43,253	168,843	43,253	168,843
		<b>2,706,196</b>	<b>1,660,077</b>	<b>2,706,196</b>	<b>1,629,593</b>
6	<b>Other income</b>				
	Workshop training	68,054	47,380	-	-
	Other miscellaneous income	(458)	1,158	2,382	568
		<b>67,596</b>	<b>48,538</b>	<b>2,382</b>	<b>568</b>
7	<b>Employee benefit expense</b>				
	Wages and salaries	2,773,257	2,863,193	2,614,489	2,747,705
	Other staff allowances	2,342,605	2,573,639	2,342,605	2,573,639
	Pension costs:				
	- Defined contribution plan	844,399	447,397	844,399	447,397
	- Define benefit plan (Note 20)	(200,854)	227,980	(200,854)	227,980
		<b>5,759,407</b>	<b>6,112,209</b>	<b>5,600,639</b>	<b>5,996,721</b>
8	<b>Depreciation and amortisation expenses</b>				
	Depreciation of property and equipment (note 11)	285,842	301,558	280,621	301,558
	Amortisation of intangible assets (note 12)	13,549	8,326	13,549	8,326
		<b>299,391</b>	<b>309,884</b>	<b>294,170</b>	<b>309,884</b>
9	<b>Finance cost</b>				
	Interest expense	-	6,780	-	6,780
		<b>-</b>	<b>6,780</b>	<b>-</b>	<b>6,780</b>
10	<b>Other operating expense</b>				
	Travelling expense	265,018	232,973	263,701	231,477
	Maintenance costs	285,970	332,968	239,475	235,668
	Insurance	202,624	76,456	201,848	76,456
	Training and capacity building	106,092	312,496	63,816	265,166
	Fuel	127,429	54,808	117,908	54,808
	Tenement rates	108,513	102,231	97,316	102,231
	Printing, stationery and subscriptions	73,899	117,739	69,821	117,739
	Donations	13,965	10,400	13,965	10,400
	Information technology expenses	214,843	187,219	213,285	187,219
	Meeting expenses	24,618	24,592	24,281	24,592
	Professional fees	11,858	80,371	11,858	80,371
	Capital market development expenses	68,497	249,272	3,739	249,272
	Administrative expenses	53,441	257,343	52,804	257,343
	Board members' compensation, allowances and expenses	3,224	-	-	-
	Audit fees**	28,000	28,000	25,000	25,000
	Legal fees	56,604	103,704	56,302	103,704
	Impairment charged	154,470	-	151,783	-
	Other operating expenses	50,199	102,305	45,738	84,153
		<b>1,849,264</b>	<b>2,272,877</b>	<b>1,652,640</b>	<b>2,105,599</b>

\*\* 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 (2016: Nil)

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

Group  
11 Property and equipment

	Land	Buildings	Office furniture, fittings and equipment	Computer hardware	Motor vehicles	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost</b>							
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
At 1 January 2017	801,846	3,070,652	1,400,034	701,296	616,189	14,046	6,604,063
Additions	-	-	77,726	94,405	18,598	-	190,729
Disposals	-	-	-	-	(56,220)	-	(56,220)
Transfer to computer software	-	-	-	-	-	(7,220)	(7,220)
Reclassification	-	-	1,021	-	-	(1,021)	-
At 31 December 2017	801,846	3,070,652	1,478,781	795,701	578,567	5,805	6,731,352
<b>Accumulated depreciation</b>							
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
Disposals	-	-	(94,462)	(78,053)	-	-	(172,515)
At 31 December 2016	-	867,140	1,234,561	615,421	541,475	-	3,258,597
At 1 January 2017	-	867,140	1,234,561	615,421	541,475	-	3,258,597
Charge for the year	-	92,311	92,018	46,395	55,118	-	285,842
Disposal	-	-	-	-	(56,220)	-	(56,220)
At 31 December 2017	-	959,451	1,326,579	661,816	540,373	-	3,488,219
<b>Net book amount at 31 December 2016</b>	801,846	2,203,512	165,473	85,875	74,714	14,046	3,345,466
<b>Net book amount at 31 December 2017</b>	801,846	2,111,201	152,202	133,885	38,194	5,805	3,243,133

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

Commission							
11 Property and equipment	Land	Buildings	Office furniture, fittings and equipment	IT hardware	Motor vehicles	Capital work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost</b>							
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
At 1 January 2017	801,846	3,070,652	1,400,034	701,296	616,189	14,046	6,604,063
Additions	-	-	59,699	92,105	-	-	151,804
Disposals	-	-	-	-	(56,220)	-	(56,220)
Transfer to computer software	-	-	-	-	-	(7,220)	(7,220)
Reclassification	-	-	1,021	-	-	(1,021)	-
At 31 December 2017	801,846	3,070,652	1,460,754	793,401	559,969	5,805	6,692,427
<b>Accumulated depreciation</b>							
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
Disposals	-	-	(94,462)	(78,053)	-	-	(172,515)
At 31 December 2016	-	867,140	1,234,561	615,421	541,475	-	3,258,597
At 1 January 2017	-	867,140	1,234,561	615,421	541,475	-	3,258,597
Charge for the year	-	92,311	90,605	46,203	51,502	-	280,621
Disposal	-	-	-	-	(56,220)	-	(56,220)
At 31 December 2017	-	959,451	1,325,166	661,624	536,757	-	3,482,998
<b>Net book amount at 31 December 2016</b>	801,846	2,203,512	165,473	85,875	74,714	14,046	3,345,466
<b>Net book amount at 31 December 2017</b>	801,846	2,111,201	135,588	131,777	23,212	5,805	3,209,429

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

12	Intangible assets	Group		Commission	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		N' 000	N' 000	N' 000	N' 000
<b>Cost</b>					
At 1 January		575,101	551,107	575,101	551,107
Additions		74,140	23,994	74,140	23,994
Transfer from property & equipment		7,220	-	7,220	-
<b>Closing balance</b>		<b>656,461</b>	<b>575,101</b>	<b>656,461</b>	<b>575,101</b>
<b>Accumulated amortisation</b>					
Opening balance		545,043	536,717	545,043	536,717
Amortisation charge		13,549	8,326	13,549	8,326
<b>Closing balance</b>		<b>558,592</b>	<b>545,043</b>	<b>558,592</b>	<b>545,043</b>
<b>Net book amount</b>		<b>97,869</b>	<b>30,058</b>	<b>97,869</b>	<b>30,058</b>
Intangible assets relate only to software					
13	<b>Interests in structured entities</b>				
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
		-	-	<b>15,000,000</b>	<b>15,000,000</b>
Details of the Commission's relationship with these entities are provided in note 25.2.					
14	<b>Staff loans and other receivables</b>				
Staff loans		1,060,011	1,117,668	1,060,011	1,117,668
Impairment of staff loans		(50,328)	(50,328)	(50,328)	(50,328)
		<b>1,009,683</b>	<b>1,067,340</b>	<b>1,009,683</b>	<b>1,067,340</b>
<b>Other receivables</b>					
Receivables from penalties and fines		75,900	185,158	75,900	185,158
Receivables from fee income		265,696	261,086	265,696	262,086
Sundry debtors		28,735	436,883	26,048	648,715
Impairment of receivables from fee income		(136,779)	-	(136,779)	-
Impairment of sundry debtors		(28,736)	(11,045)	(26,049)	(11,045)
		<b>204,816</b>	<b>872,082</b>	<b>204,816</b>	<b>1,084,914</b>
		<b>1,214,499</b>	<b>1,939,422</b>	<b>1,214,499</b>	<b>2,152,254</b>
<b>Movement in impairment of staff loans</b>					
Balance, beginning of year		50,328	50,328	50,328	50,328
Charge for the year		-	-	-	-
Balance, end of year		<b>50,328</b>	<b>50,328</b>	<b>50,328</b>	<b>50,328</b>
<b>Movement in impairment of sundry debtors</b>					
Balance, beginning of year		11,045	11,045	11,045	11,045
Charge for the year		17,691	-	15,004	-
Balance, end of year		<b>28,736</b>	<b>11,045</b>	<b>26,049</b>	<b>11,045</b>
<b>Movement in impairment of receivables from fee income</b>					
Balance, beginning of year		-	-	-	-
Charge for the year		136,779	-	136,779	-
Balance, end of year		<b>136,779</b>	<b>-</b>	<b>136,779</b>	<b>-</b>
<b>Charge to statement of profit/loss</b>					
Impairment of sundry debtors		17,691	-	15,004	-
Impairment of receivables from fee income		136,779	-	136,779	-
		<b>154,470</b>	<b>-</b>	<b>151,783</b>	<b>-</b>
<b>Classification of staff loans and other receivables</b>					
Current		204,816	873,048	204,816	1,085,880
Non-current		1,009,683	1,066,374	1,009,683	1,066,374
		<b>1,214,499</b>	<b>1,939,422</b>	<b>1,214,499</b>	<b>2,152,254</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

15	Held to maturity financial assets	Group		Commission	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		N' 000	N' 000	N' 000	N' 000
		7,706,384	18,423,206	7,706,384	18,423,206
		<b>7,706,384</b>	<b>18,423,206</b>	<b>7,706,384</b>	<b>18,423,206</b>
15.1	<b>Debt securities</b>				
	Debt securities at amortised cost				
	- Federal Government of Nigeria Bonds	4,646,567	7,626,472	4,646,567	7,626,472
	- Nigeria Treasury bills	3,059,817	10,796,734	3,059,817	10,796,734
		<b>7,706,384</b>	<b>18,423,206</b>	<b>7,706,384</b>	<b>18,423,206</b>
	<b>Classification of held to maturity financial assets</b>				
	Current	5,373,035	13,779,957	5,373,035	13,779,957
	Non-current	2,333,349	4,643,249	2,333,349	4,643,249
		<b>7,706,384</b>	<b>18,423,206</b>	<b>7,706,384</b>	<b>18,423,206</b>
16	<b>Prepayments</b>				
	Prepaid staff allowance	2,080,874	1,589,054	2,080,722	1,589,054
	Prepaid office rent	34,318	-	34,318	-
	Prepaid motor vehicle allowance	767,134	400,805	767,134	400,805
		<b>2,882,326</b>	<b>1,989,859</b>	<b>2,882,174</b>	<b>1,989,859</b>
17	<b>Cash and bank balances</b>				
	Cash in hand	830	8,385	325	8,385
	Balances held with banks in Nigeria	11,470,745	1,378,502	11,346,613	1,319,177
		<b>11,471,575</b>	<b>1,386,887</b>	<b>11,346,938</b>	<b>1,327,562</b>

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.

18	Sundry and other creditors	Group		Commission	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		N' 000	N' 000	N' 000	N' 000
	<b>Cash and cash equivalents</b>				
	Cash in hand	830	8,385	325	8,385
	Balances held with banks in Nigeria	11,470,745	1,378,502	11,346,613	1,319,177
		<b>11,471,575</b>	<b>1,386,887</b>	<b>11,346,938</b>	<b>1,327,562</b>
	<b>Non financial liabilities:</b>				
	Accounts payable	61,598	56,817	61,598	56,817
	Sundry creditors	717,866	827,629	714,774	827,629
	Payable to related entities	-	-	17,388,467	17,990,008
	Payable to Consolidated Reserve Fund	525,342	-	525,342	-
		1,304,806	884,446	18,690,181	18,874,454
	WHT payable	2,285	12,572	2,285	12,572
	PAYE payable	16,849	84,887	16,849	84,887
	VAT payable	1,737	28,161	1,737	28,161
		<b>1,325,677</b>	<b>1,010,066</b>	<b>18,711,052</b>	<b>19,000,074</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

19 Provisions and accruals	Group		Commission	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Accruals	53,478	37,402	47,712	34,402
Provisions	620,000	620,000	620,000	620,000
	<b>673,478</b>	<b>657,402</b>	<b>667,712</b>	<b>654,402</b>
<b>Classification of provision and accruals</b>				
Current	673,478	657,402	667,712	654,402
	<b>673,478</b>	<b>657,402</b>	<b>667,712</b>	<b>654,402</b>

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 appealed 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

Statement of financial position asset/(liability) for:	Group		Commission	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Staff gratuity plan asset/liabilities	130,084	(324,853)	130,084	(324,853)
<b>Income statement charge for:</b>				
	Group		Commission	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Current service cost/(income)	48,814	35,055	48,814	35,055
Interest cost	358,014	313,800	358,014	313,800
Interest income	(607,682)	(266,199)	(607,682)	(266,199)
Past Service Cost	-	145,324	-	145,324
	<b>(200,854)</b>	<b>227,980</b>	<b>(200,854)</b>	<b>227,980</b>
<b>Recognized in other comprehensive income</b>				
Remeasurement gains/(losses) are recognised in the statement of other comprehensive income.				
Remeasurement losses/(gains)	(113,386)	(685,182)	(113,386)	(685,182)
Remeasurement losses	(112,131)	149,677	(112,131)	149,677
	<b>(225,517)</b>	<b>(535,505)</b>	<b>(225,517)</b>	<b>(535,505)</b>



Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

The amounts recognised in the statement of financial position are determined as follows:

	Group		Commission	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Defined benefit obligation (Note 20 (a))	(2,257,954)	(2,595,567)	(2,257,954)	(2,595,567)
Fair value of plan assets (Note 20 (b))	2,388,038	2,270,714	2,388,038	2,270,714
	<b>130,084</b>	<b>(324,853)</b>	<b>130,084</b>	<b>(324,853)</b>

20 (a) The movement in the defined benefit obligation is as follows:

Opening defined benefit obligation	2,595,567	3,162,432	2,595,567	3,162,432
Current service cost	48,814	35,055	48,814	35,055
Interest cost	358,014	313,800	358,014	313,800
Past Service Cost	-	145,324	-	145,324
Remeasurement losses/(gains)	(113,386)	(685,182)	(113,386)	(685,182)
Expenses	(28,566)	(14,094)	(28,566)	(14,094)
Benefits paid	(602,489)	(361,768)	(602,489)	(361,768)
	<b>2,257,954</b>	<b>2,595,567</b>	<b>2,257,954</b>	<b>2,595,567</b>

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

At the beginning of the period	2,270,714	2,515,960	2,270,714	2,515,960
Interest income	607,682	266,199	607,682	266,199
Employer contributions	28,566	14,094	28,566	14,094
Expenses	(28,566)	(14,094)	(28,566)	(14,094)
Remeasurement losses	112,131	(149,677)	112,131	(149,677)
Benefits paid	(602,489)	(361,768)	(602,489)	(361,768)
	<b>2,388,038</b>	<b>2,270,714</b>	<b>2,388,038</b>	<b>2,270,714</b>

Composition of plan assets

Cash	1,680,701	1,417,834	1,680,701	1,417,834
Equity	93,850	120,802	93,850	120,802
Bonds	613,487	732,078	613,487	732,078
	<b>2,388,038</b>	<b>2,270,714</b>	<b>2,388,038</b>	<b>2,270,714</b>

The principal actuarial assumptions were as follows:

	31 December 2017	31 December 2016
Discount rate	14.7%	16.4%
Pension allowance increase	0.0%	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 2017

Assumptions	Effect of change in the discount rate		
	Decrease in assumption by 1%	Based on actual discount rate of 14%	Increase in assumption by 1%
Average long term discount rate (p.a.)	(2,261,508)	(2,146,204)	(2,042,280)
Percentage change in the defined benefit obligation	5.4%		4.8%
Assumptions	Effect of change in the Pension increase rate		
	Decrease in assumption by 1%	Based on actual discount rate of 14%	Increase in assumption by 1%
Average long term discount rate (p.a.)	(2,681,145)	(2,899,318)	(3,148,292)
Percentage change in the defined benefit obligation	-7.5%		8.6%

Effect of change in mortality

Assumptions	Decrease in assumption by 1 year	Based on actual discount rate of 14%	Increase in assumption by 1 year
Average long term discount rate (p.a.)	(2,168,275)	(2,146,204)	(2,122,862)
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:

- the change in the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- the change in the pension increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the pension increase rate.
- the change in 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 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 (2016: Nil)

22 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

23 Reconciliation of profit to cash generated from operations

	Group		Commission	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
<b>Surplus/(Deficit) for the period</b>	(17,619)	(3,365,572)	277,780	(3,161,260)
<b>Adjustments for:</b>				
- Depreciation ( note 10)	285,842	301,558	280,621	301,558
- Amortisation ( note 11)	13,549	8,326	13,549	8,326
- Defined benefit scheme expenses (Note 20)	(200,854)	227,980	(200,854)	227,980
- Impairment charged (Note 14)	(154,470)	-	(151,783)	-
- loss/(profit) on disposal of property and equipment	1,179	15,528	1,179	15,528
<b>Changes in operating assets and liabilities</b>				
-Change in prepayments	(892,468)	782,294	(892,315)	782,294
-Change in staff loans and other receivables	879,393	(646,106)	1,089,537	(773,658)
-Change in sundry creditors	374,030	444,360	(230,604)	10,546,814
-Change in accrued provision	16,075	4,480	13,309	1,480
<b>Cash (used in)/generated from operating activities</b>	<b>304,657</b>	<b>(2,227,152)</b>	<b>200,420</b>	<b>7,949,062</b>

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated financial statements**

**24 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.

**Capital commitments**

There are no capital commitments on the Commission as at the end of the period.

**25 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.

**25.1 Key management personnel compensation**

Key management personnel's 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 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Short term benefits /executive compensation	83,207	202,701	83,207	202,701
Post employment benefits	255,426	296,153	255,426	296,153
	<b>338,633</b>	<b>498,854</b>	<b>338,633</b>	<b>498,854</b>

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

	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	N' 000	N' 000	N' 000	N' 000
Senior management	67	68	67	68
Management	324	334	324	334
Non management	241	451	241	451
	<b>632</b>	<b>853</b>	<b>632</b>	<b>853</b>

**25.2 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 2017	31 December 2016	31 December 2017	31 December 2016
			N' 000	N' 000	N' 000	N' 000
Director General	Key management personnel	Loan	-	2,530	-	2,530
Executive Commissioner (Corporate Services)	Key management personnel	Loan	-	2,687	-	2,687
Executive Commissioner (Legal & Environment)	Key management personnel	Loan	-	5,000	-	5,000

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated financial statements**

Commission	Nature of relationship	Nature of balance	31 December 2017	31 December 2016	31 December 2017	31 December 2016
			N' 000	N' 000	N' 000	N' 000
Director General	Key management personnel	Loan	-	2,530	-	2,530
Executive Commissioner, Corporate Services)	Key management personnel	Loan	-	2,687	-	2,687
Executive Commissioner, Legal & Environment)	Key management personnel	Loan	-	5,000	-	5,000
Capital Market Development Fund	Subsidiary	Payable	6,071,396	6,141,554	6,071,396	6,141,554
National Investors Protection Fund	Subsidiary	Payable	6,275,591	6,288,265	6,275,591	6,288,265
Nigerian Capital Market Institute	Subsidiary	Payable	5,041,480	5,669,683	5,041,480	5,669,683

None of the loans to key management personnel is neither past due nor impaired. Hence no specific provision was required in 2017 (2016: 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 structured entities. They are short term in nature.

**25.3 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:

- The key management personnel of the Institute are Senior officers of the Commission;
- The Institute's operations are dependent on funding from the Commission;
- A significant portion of the relevant activities of NCMI are directed by the Commission;
- 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. The Commission set aside a total of N15 billion to the three structured entities as start up funding, as disclosed in note 13.

**Securities and Exchange Commission**  
**Consolidated and separate financial statements**  
**For the year ended 31 December 2017**  
**Notes to the consolidated financial statements**

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 2017**

	<b>Commission</b>	<b>National Investors Protection Fund</b>	<b>Capital Market Development Fund</b>	<b>Nigerian Capital Market Institute</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	97,869	-	-	-
Property and equipment	3,209,429	-	-	33,705
Retirement benefit assets	130,084	-	-	-
Interest in structured entities	15,000,000	-	-	-
Staff loans and other receivables	1,009,683	6,275,591	6,071,396	5,044,322
Held to maturity financial assets	2,333,349	-	-	-
Prepayments	2,882,174	-	-	-
<b>Total non-current assets</b>	<b>24,662,588</b>	<b>6,275,591</b>	<b>6,071,396</b>	<b>5,078,027</b>
<b>Current assets</b>				
Staff loans and other receivables	204,816	-	-	-
Held to maturity financial assets	5,373,035	-	-	-
Cash and bank balances	11,346,938	-	-	124,637
<b>Total current assets</b>	<b>16,924,789</b>	<b>-</b>	<b>-</b>	<b>124,637</b>
<b>Total assets</b>	<b>41,587,377</b>	<b>6,275,591</b>	<b>6,071,396</b>	<b>5,202,664</b>
<b>Equity</b>				
Capital fund	496,858	-	-	-
Capital reserve fund	447,676	-	-	-
Accumulated reserve fund	21,264,079	1,272,974	1,067,779	199,139
Capital	-	5,000,000	5,000,000	5,000,000
<b>Total equity</b>	<b>22,208,613</b>	<b>6,272,974</b>	<b>6,067,779</b>	<b>5,199,139</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Sundry and other creditors	18,711,052	2,617	3,617	3,525
Provision and accruals	667,712	-	-	-
<b>Total liabilities</b>	<b>19,378,764</b>	<b>2,617</b>	<b>3,617</b>	<b>3,525</b>
<b>Total equity and liabilities</b>	<b>41,587,377</b>	<b>6,275,591</b>	<b>6,071,396</b>	<b>5,202,664</b>
<b>Statement of profit or loss and other comprehensive income</b>				
Fee income from operations	5,116,651	-	-	-
Interest Income	2,706,196	-	-	-
Other Income	2,382	-	1,137,887	65,214
<b>Total income</b>	<b>7,825,229</b>	<b>-</b>	<b>1,137,887</b>	<b>65,214</b>
Employee benefits expense	(5,600,639)	-	-	-
Depreciation and amortisation expenses	(294,170)	-	-	5,222
Other operating expenses	(1,652,640)	(4,696)	(70,108)	(278,797)
<b>Total expenditure</b>	<b>(7,547,449)</b>	<b>(4,696)</b>	<b>(70,108)</b>	<b>(273,575)</b>
<b>Income/(deficit) for the year</b>	<b>277,780</b>	<b>(4,696)</b>	<b>1,067,779</b>	<b>(208,361)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Actuarial gain on defined benefit scheme	225,517	-	-	-
<b>Other comprehensive income for the year</b>	<b>225,517</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>503,297</b>	<b>(4,696)</b>	<b>1,067,779</b>	<b>(208,361)</b>

Securities and Exchange Commission  
Consolidated and separate financial statements  
For the year ended 31 December 2017  
Notes to the consolidated financial statements

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
<b>Assets</b>				
<b>Non-current assets</b>				
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	-	-	-
<b>Total non-current assets</b>	<b>26,075,006</b>	<b>6,288,265</b>	<b>6,140,554</b>	<b>5,560,189</b>
<b>Current assets</b>				
Staff loans and other receivables	1,085,880	-	-	2,686
Held to maturity financial assets	13,779,957	-	-	-
Cash and bank balances	1,327,562	-	-	59,325
<b>Total current assets</b>	<b>16,193,399</b>	<b>-</b>	<b>-</b>	<b>62,011</b>
<b>Total assets</b>	<b>42,268,405</b>	<b>6,288,265</b>	<b>6,140,554</b>	<b>5,622,200</b>
<b>Equity</b>				
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
<b>Total equity</b>	<b>22,289,076</b>	<b>6,277,670</b>	<b>6,137,887</b>	<b>5,417,942</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Sundry and other creditors	19,000,074	10,595	2,667	204,258
Provision for accrued charges	654,402	-	-	-
Retirement benefit obligations	324,853	-	-	-
<b>Total liabilities</b>	<b>19,979,329</b>	<b>10,595</b>	<b>2,667</b>	<b>204,258</b>
<b>Total equity and liabilities</b>	<b>42,268,405</b>	<b>6,288,265</b>	<b>6,140,554</b>	<b>5,622,200</b>
<b>Statement of profit or loss and other comprehensive income</b>				
Fee income from operations	3,627,563	-	-	53,365
Interest Income	1,629,593	7,943	2,947	19,654
Other Income	568	-	-	600
<b>Total income</b>	<b>5,257,724</b>	<b>7,943</b>	<b>2,947</b>	<b>73,619</b>
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
<b>Total expenditure</b>	<b>8,418,984</b>	<b>15,940</b>	<b>1,000</b>	<b>271,882</b>
<b>Deficit/(income) for the year</b>	<b>(3,161,260)</b>	<b>(7,997)</b>	<b>1,947</b>	<b>(198,263)</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement gain on defined benefit scheme	535,505	-	-	-
<b>Other comprehensive income for the year</b>	<b>535,505</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>	<b>(2,625,755)</b>	<b>(7,997)</b>	<b>1,947</b>	<b>(198,263)</b>

## Other national disclosures

Securities and Exchange Commission  
Other national disclosures  
For the year ended 31 December 2017  
Statement of value added

Group	31 December 2017 N '000	%	31 December 2016 N '000	%
<b>Gross income</b>	7,890,443		5,336,178	
<b>Bought in goods and services</b>				
- local	(1,849,264)		(2,272,877)	
<b>Value added</b>	<b>6,041,179</b>	<b>100%</b>	<b>3,063,301</b>	<b>100%</b>
<b>Distribution</b>				
<b>Employees</b>				
Employee benefit expense	5,759,407	95%	6,112,209	174%
<b>Providers of capital</b>				
(Deficit) for the year	(17,619)	(0%)	(3,365,572)	(81%)
Finance cost	-	0%	6,780	0%
<b>To provide for enhancement of assets and growths</b>				
Depreciation and amortisation expenses	299,391	5%	309,884	7%
	<b>6,041,179</b>	<b>100%</b>	<b>3,063,301</b>	<b>100%</b>
<b>The Commission</b>				
	<b>31 December 2017 N '000</b>	<b>%</b>	<b>31 December 2016 N '000</b>	<b>%</b>
<b>Gross income</b>	7,825,229		5,257,724	
<b>Bought in goods and services</b>				
- local	(1,652,640)		(2,105,599)	
<b>Value added</b>	<b>6,172,589</b>	<b>100%</b>	<b>3,152,125</b>	<b>100%</b>
<b>Distribution</b>				
<b>Employees</b>				
Employee benefit expense	5,600,639	91%	5,996,721	190%
<b>Providers of capital</b>				
Surplus/ (deficit) for the year	277,780	5%	(3,161,260)	(101%)
Finance cost	-	0%	6,780	1%
<b>To provide for enhancement of assets and growths</b>				
Depreciation and amortisation expenses	294,170	5%	309,884	10%
	<b>6,172,589</b>	<b>100%</b>	<b>3,152,125</b>	<b>100%</b>



Securities and Exchange Commission  
Other national disclosures  
For the year ended 31 December 2017  
Five year financial summary (Group)

	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
<b>Assets</b>					
<b>Non-current assets</b>					
Property and equipment	3,243,133	3,345,466	3,560,994	3,582,272	3,724,910
Intangible assets	97,869	30,058	14,390	29,808	60,154
Staff loans and other receivables	1,009,683	1,066,374	720,713	808,004	746,207
Held to maturity financial assets	2,333,349	4,643,249	7,609,367	7,595,522	7,583,606
Prepayments	2,882,326	1,989,859	2,772,153	2,564,617	2,466,018
Retirement benefit assets	130,084	-	-	-	203,501
<b>Total non-current assets</b>	<b>9,696,444</b>	<b>11,075,006</b>	<b>14,677,617</b>	<b>14,580,223</b>	<b>14,784,396</b>
<b>Current assets</b>					
Staff loans and other receivables	204,816	873,048	572,602	286,618	219,882
Held to maturity financial assets	5,373,035	13,779,957	-	4,076,910	1,462,992
Cash and bank balances	11,471,575	1,386,887	14,578,889	15,252,481	17,935,509
<b>Total current assets</b>	<b>17,049,426</b>	<b>16,039,892</b>	<b>15,151,491</b>	<b>19,616,009</b>	<b>19,618,383</b>
<b>Total assets</b>	<b>26,745,870</b>	<b>27,114,898</b>	<b>29,829,108</b>	<b>34,196,232</b>	<b>34,402,779</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
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	23,802,181	24,178,043	27,008,110	31,217,830	31,291,371
<b>Total equity</b>	<b>24,746,715</b>	<b>25,122,577</b>	<b>27,952,644</b>	<b>32,162,364</b>	<b>32,235,905</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Retirement benefit obligations	-	324,853	646,472	61,227	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>324,853</b>	<b>646,472</b>	<b>61,227</b>	<b>-</b>
<b>Current liabilities</b>					
Sundry and other creditors	1,325,677	1,010,066	551,612	1,352,641	1,546,874
Provision and accruals	673,478	657,402	652,922	620,000	620,000
Finance lease	-	-	25,458	-	-
<b>Total current liabilities</b>	<b>1,999,155</b>	<b>1,667,468</b>	<b>1,229,992</b>	<b>1,972,641</b>	<b>2,166,874</b>
<b>Total liabilities</b>	<b>1,999,155</b>	<b>1,992,321</b>	<b>1,876,464</b>	<b>2,033,868</b>	<b>2,166,874</b>
<b>Total equity and liabilities</b>	<b>26,745,870</b>	<b>27,114,898</b>	<b>29,829,108</b>	<b>34,196,232</b>	<b>34,402,779</b>
<b>Statement of Comprehensive Income (Group)</b>					
	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Fee income from operations	5,116,651	3,627,563	4,392,631	6,928,650	4,257,684
Interest income	2,706,196	1,660,077	2,694,700	2,526,691	3,027,075
Other operating income	67,596	48,538	44,586	20,472	530
<b>Total income</b>	<b>7,890,443</b>	<b>5,336,178</b>	<b>7,131,917</b>	<b>9,475,813</b>	<b>7,285,289</b>
Employee benefits expense	(5,759,407)	(6,112,209)	(7,864,063)	(5,004,534)	(4,774,588)
Depreciation and amortisation expenses	(299,391)	(309,884)	(312,884)	(455,129)	(358,008)
Finance cost	-	(6,780)	(5,025)	-	-
Other operating expenses	(1,849,264)	(2,272,877)	(2,610,965)	(3,820,667)	(3,832,662)
<b>Total expenditure</b>	<b>(7,908,062)</b>	<b>(8,701,750)</b>	<b>(10,792,937)</b>	<b>(9,280,330)</b>	<b>(8,965,258)</b>
<b>(Deficit)/surplus for the year</b>	<b>(17,619)</b>	<b>(3,365,572)</b>	<b>(3,661,020)</b>	<b>195,483</b>	<b>(1,679,969)</b>

Securities and Exchange Commission  
Other national disclosures  
For the year ended 31 December 2017  
Five year financial summary (Group)

	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss					
<b>Remeasurement gains/ (loss) on defined benefit scheme</b>	225,517	535,505	(548,700)	(269,024)	83,923
<b>Other comprehensive income for the year</b>	<b>225,517</b>	<b>535,505</b>	<b>(548,700)</b>	<b>(269,024)</b>	<b>83,923</b>
<b>Total comprehensive gain/(loss) for the year</b>	<b>207,898</b>	<b>(2,830,067)</b>	<b>(4,209,720)</b>	<b>(73,541)</b>	<b>(1,596,046)</b>

Securities and Exchange Commission  
Other national disclosures  
For the year ended 31 December 2017  
Five year financial summary (Commission)

	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
<b>Assets</b>					
<b>Non-current assets</b>					
Property and equipment	3,209,429	3,345,466	3,560,994	3,582,272	3,724,910
Intangible assets	97,869	30,058	14,390	29,808	60,154
Interest in structured entities	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Staff loans and other receivables	1,009,683	1,066,374	720,713	808,004	746,207
Held to maturity financial assets <sup>1</sup>	2,333,349	4,643,249	7,609,367	7,595,522	7,583,606
Prepayments	2,882,174	1,989,859	2,772,153	2,564,617	2,466,018
Retirement benefit assets	130,084	-	-	-	203,501
<b>Total non-current assets</b>	<b>24,662,588</b>	<b>26,075,006</b>	<b>29,677,617</b>	<b>29,580,223</b>	<b>29,784,396</b>
<b>Current assets</b>					
Staff loans and other receivables	204,816	1,085,880	657,883	292,765	226,030
Held to maturity financial assets	5,373,035	13,779,957	-	3,666,617	1,462,992
Cash and bank balances	11,346,938	1,327,562	4,343,350	1,193,027	5,759,473
<b>Total current assets</b>	<b>16,924,789</b>	<b>16,193,399</b>	<b>5,001,233</b>	<b>5,152,409</b>	<b>7,448,495</b>
<b>Total assets</b>	<b>41,587,377</b>	<b>42,268,405</b>	<b>34,678,850</b>	<b>34,732,632</b>	<b>37,232,891</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
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	21,264,079	21,344,542	23,970,297	29,415,038	30,765,449
<b>Total equity</b>	<b>22,208,613</b>	<b>22,289,076</b>	<b>24,914,831</b>	<b>30,359,572</b>	<b>31,709,983</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Retirement benefit obligations	-	324,853	646,472	61,227	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>324,853</b>	<b>646,472</b>	<b>61,227</b>	<b>-</b>
<b>Current liabilities</b>					
Sundry and other creditors	18,711,052	19,000,074	8,439,167	3,691,833	4,902,908
Provision and accruals	667,712	654,402	652,922	620,000	620,000
Finance lease	-	-	25,458	-	-
<b>Total current liabilities</b>	<b>19,378,764</b>	<b>19,654,476</b>	<b>9,117,547</b>	<b>4,311,833</b>	<b>5,522,908</b>
<b>Total liabilities</b>	<b>19,378,764</b>	<b>19,979,329</b>	<b>9,764,019</b>	<b>4,373,060</b>	<b>5,522,908</b>
<b>Total equity and liabilities</b>	<b>41,587,377</b>	<b>42,268,405</b>	<b>34,678,850</b>	<b>34,732,632</b>	<b>37,232,891</b>
<b>Statement of Comprehensive Income</b>					
	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
Fee income from operations	5,116,651	3,627,563	4,392,631	6,928,650	4,257,684
Interest income	2,706,196	1,629,593	1,286,850	1,263,270	2,501,153
Other operating income	2,382	568	2,038	2,007	530
<b>Total income</b>	<b>7,825,229</b>	<b>5,257,724</b>	<b>5,681,519</b>	<b>8,193,927</b>	<b>6,759,367</b>
Employee benefits expense	(5,600,639)	(5,996,721)	(7,717,682)	(5,004,534)	(4,774,588)
Depreciation and amortisation expe	(294,170)	(309,884)	(312,884)	(455,129)	(358,008)
Finance cost	-	(6,780)	(5,025)	-	-
Other operating expenses	(1,652,640)	(2,105,599)	(2,541,969)	(3,815,651)	(3,832,662)
<b>Total expenditure</b>	<b>(7,547,449)</b>	<b>(8,418,984)</b>	<b>(10,577,560)</b>	<b>(9,275,314)</b>	<b>(8,965,258)</b>
<b>Surplus/(deficit) for the year</b>	<b>277,780</b>	<b>(3,161,260)</b>	<b>(4,896,041)</b>	<b>(1,081,387)</b>	<b>(2,205,891)</b>

Securities and Exchange Commission  
 Other national disclosures  
 For the year ended 31 December 2017  
 Five year financial summary (Commission)

	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000	31 December 2013 N '000
<b>Other comprehensive income:</b>					
Items that will not be reclassified to profit or loss					
<b>Remeasurement (loss)/gains on defined benefit scheme</b>	225,517	535,505	(548,700)	(269,024)	83,923
<b>Other comprehensive income for the year</b>	<b>225,517</b>	<b>535,505</b>	<b>(548,700)</b>	<b>(269,024)</b>	<b>83,923</b>
<b>Total comprehensive profit/(loss) for the year</b>	<b>503,297</b>	<b>(2,625,755)</b>	<b>(5,444,741)</b>	<b>(1,350,411)</b>	<b>(2,121,968)</b>