Securities and Exchange Commission

Consolidated and separate financial statements for the year ended 31 December 2018

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2018
Contents

Board of the Commission, professional advisers and offices

Board of the Commission:

Mr. Olufemi Lijadu	Chairman*
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The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, new executive members were inaugurated on 24 June 2019.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

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.

Report of the Board of the Commission

The Board of the Securities and Exchange Commission ("the Commission" or "SEC") present its audited financial statements for the year ended 31 December, 2018.

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 2018 N '000	31 December 2017 N '000	31 December 2018 N '000	31 December 2017 N '000
Income	8,164,232	7,890,443	8,093,854	7,825,229
Expenditure	(9,163,412)	(7,908,062)	(8,733,253)	(7,547,449)
(Deficit)/surplus for the year	**(999,180)**	**(17,619)**	**(639,399)**	**277,780**

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

7 Auditors

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

By order of the Commission

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

Statement of Board's responsibility for the financial statements

In accordance with the provisions of the Investments and Securities Act, 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 2018, 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 2018;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

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

Other information

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

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

pwc

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.

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

3 September 2019

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

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2018
Statement of profit or loss and other comprehensive income

	Note	Group December 2018 N '000	Group 31 December 2017 N '000	Commission 31 December 2018 N '000	Commission December 2017 N '000
Fee income from operations	5	5,473,477	5,116,651	5,473,477	5,116,651
Interest income	6	2,561,913	2,706,196	2,561,913	2,706,196
Other income	7	128,842	67,596	58,464	2,382
Total income		**8,164,232**	**7,890,443**	**8,093,854**	**7,825,229**
Employee benefits expense	8	(6,460,767)	(5,759,407)	(6,460,767)	(5,600,639)
Depreciation and amortisation expenses	9	(270,583)	(299,391)	(259,291)	(294,170)
Other operating expenses	10	(2,432,062)	(1,849,264)	(2,013,195)	(1,652,640)
Total expenditure		**(9,163,412)**	**(7,908,062)**	**(8,733,253)**	**(7,547,449)**
(Deficit)/surplus for the year		**(999,180)**	**(17,619)**	**(639,399)**	**277,780**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on defined benefit scheme	20	(12,522)	225,517	(12,522)	225,517
Other comprehensive income for the year		**(12,522)**	**225,517**	**(12,522)**	**225,517**
Total comprehensive (loss)/gain for the year		**(1,011,702)**	**207,898**	**(651,921)**	**503,297**

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 2018
Statement of financial position

	Note	Group 31 December 2018 N '000	Group 31 December 2017 N '000	Commission 31 December 2018 N '000	Commission 31 December 2017 N '000
Assets					
Non-current assets					
Intangible assets	12	76,463	97,869	76,463	97,869
Property and equipment	11	3,055,829	3,243,133	3,033,276	3,209,429
Retirement benefit assets	20	88,022	130,084	88,022	130,084
Interest in structured entities	13	-	-	15,000,000	15,000,000
Staff loans and other receivables	14	664,652	1,009,683	664,652	1,009,683
Investment securities	15	4,021,143	2,333,349	4,021,143	2,333,349
Prepayments	16	2,659,932	2,882,326	2,658,233	2,882,174
Total non-current assets		**10,566,041**	**9,696,444**	**25,541,788**	**24,662,588**
Current assets					
Staff loans and other receivables	14	174,729	204,816	174,729	204,816
Investment securities	15	14,886,346	5,373,035	14,886,346	5,373,035
Cash and bank balances	17	583,067	11,471,575	392,638	11,346,938
Total current assets		**15,644,142**	**17,049,426**	**15,453,713**	**16,924,789**
Total assets		**26,210,183**	**26,745,870**	**40,995,501**	**41,587,377**
Liabilities					
Current liabilities					
Sundry and other creditors	18	2,060,712	1,325,677	19,030,118	18,711,052
Provision and accruals	19	833,557	673,478	827,790	667,712
Total current liabilities		**2,894,269**	**1,999,155**	**19,857,908**	**19,378,764**
Total liabilities		**2,894,269**	**1,999,155**	**19,857,908**	**19,378,764**
Equity					
Capital grant	21	496,858	496,858	496,858	496,858
Capital reserve fund	22	447,676	447,676	447,676	447,676
Accumulated reserve fund		22,371,380	23,802,181	20,193,059	21,264,079
Total equity		**23,315,914**	**24,746,715**	**21,137,593**	**22,208,613**
Total equity and liabilities		**26,210,183**	**26,745,870**	**40,995,501**	**41,587,377**

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, Corporate
4 July 2019

Statement of changes in equity

Group

	Capital grant	Capital reserve fund	Accumulated fund	Total
	N'000	N'000	N'000	N'000
At 31 December 2017 as originally presented	**496,858**	**447,676**	**23,802,181**	**24,746,715**
IFRS 9 transition adjustments	-	-	(153,569)	(153,569)
Restated total equity at 1 January 2018	**496,858**	**447,676**	**23,648,612**	**24,593,146**
Deficit for the year	-	-	(999,180)	(999,180)
Transfer to Consolidated Revenue Fund account	-	-	(265,530)	(265,530)
Actuarial gain on defined benefit scheme	-	-	(12,522)	(12,522)
Total comprehensive income	-	-	**(1,277,232)**	**(1,277,232)**
At 31 December 2018	**496,858**	**447,676**	**22,371,380**	**23,315,914**
At 1 January 2017	**496,858**	**447,676**	**24,178,043**	**25,122,577**
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
Total comprehensive income	-	-	**(375,862)**	**(375,862)**
At 31 December 2017	**496,858**	**447,676**	**23,802,181**	**24,746,715**

Commission

	Capital grant	Capital reserve fund	Accumulated fund	Total
	N'000	N'000	N'000	N'000
At 31 December 2017 as originally presented	**496,858**	**447,676**	**21,264,079**	**22,208,613**
IFRS 9 transition adjustments	-	-	(153,569)	(153,569)
Restated total equity at 1 January 2018	**496,858**	**447,676**	**21,110,510**	**22,055,044**
Deficit for the year	-	-	(639,399)	(639,399)
Transfer to Consolidated Revenue Fund account	-	-	(265,530)	(265,530)
Actuarial gain on defined benefit scheme	-	-	(12,522)	(12,522)
Total comprehensive income	-	-	**(917,451)**	**(917,451)**
At 31 December 2018	**496,858**	**447,676**	**20,193,059**	**21,137,593**
At 1 January 2017	**496,858**	**447,676**	**21,344,542**	**22,289,076**
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
Total comprehensive income	-	-	**(80,463)**	**(80,463)**
At 31 December 2017	**496,858**	**447,676**	**21,264,079**	**22,208,613**

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

Statement of cash flows

	Note	Group 31 December 2018 N '000	Group 31 December 2017 N '000	Commission 31 December 2018 N '000	Commission 31 December 2017 N '000
Cash flows from operating activities					
Net cash generated from operating activities	23	**719,762**	**304,657**	**653,828**	**200,421**
Cash flows from investing activities					
Acquisition of property and equipment	11	(52,825)	(190,729)	(52,684)	(151,804)
Proceeds from disposal of property and equipment		-	6,041	-	6,041
Interest received		717,475	1,737,172	717,475	1,737,172
Acquisition of intangible assets	12	(9,048)	(74,140)	(9,048)	(74,140)
Proceeds from maturity of investment securities		8,458,000	11,692,872	8,458,000	11,692,872
Acquisition of Investment securities		(20,691,872)	(3,332,767)	(20,691,872)	(3,332,767)
Net cash (used in)/generated from investing activities		**(11,578,270)**	**9,838,449**	**(11,578,129)**	**9,877,374**
Cash flows from financing activities					
Payment to Consolidated Reserve Account		(30,000)	(58,418)	(30,000)	(58,418)
Net cash used in financing activities		**(30,000)**	**(58,418)**	**(30,000)**	**(58,418)**
Net (decrease)/increase in cash and cash equivalents		(10,888,508)	10,084,688	(10,954,301)	10,019,377
Cash and cash equivalents at start of year		11,471,575	1,386,887	11,346,939	1,327,562
Cash and cash equivalents at end of year		**583,067**	**11,471,575**	**392,638**	**11,346,939**
Cash and cash equivalents comprise:					
Cash in hand	17	1,128	830	325	325
Cash and bank balances	17	581,939	11,470,745	392,313	11,346,613
Total cash and cash equivalents		**583,067**	**11,471,575**	**392,638**	**11,346,938**

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

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 2018.

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 2018 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

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

The Group has applied IFRS 9 and IFRS 15 for the first time. To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was updated and the Group has adopted it, together with IFRS 9, for the year beginning 1 January 2018. The nature and effect of the changes arising from the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

ii) 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 2018, and have not been applied in preparing these financial statements.

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 on the financial statements.

IFRS 17, 'Insurance Contracts' (effective for the periods beginning on or after 1 January 2022)
The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in anyway as the Commission and its subsidiaries do not engage in insurance business.

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 2018 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 funds, power over the funds, is exposed to, or has rights to, variable returns from its involvement with the funds and has the ability to affect these returns through its power over the funds. Once control is established, the result of a structured entity is consolidated.
Specifically, the Commission controls an entity if and only if the Commission has:

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

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

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

(c) Consolidation and Inter-company balances

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

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

(d) Transactions and non-controlling interests

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

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

(e) Disposal of subsidiaries

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

2.6 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 instruments

The Group's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amended other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

(a) Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Group's financial assets as at 31 December 2018 satisfy the conditions for classification at amortised cost under IFRS 9.

The Group's financial assets include loans and advances to staff and investment securities (FGN Bonds and Treasury Bills), and cash and bank balances. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are compared as follows:

	IAS 39		IFRS 9	
	Measurement category	Carrying amount	Measurement category	Carrying amount
		N'000		N'000
Cash and bank balances	Loans and receivables	11,471,575	Amortised cost	11,471,575
Investment securities	Held to maturity	7,706,384	Amortised cost	7,681,127
Staff Loans	Loans and receivables	1,214,499	Amortised cost	1,086,187

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other creditors.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost, financial asset measured at FVTOCI and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The general approach is applied to cash and bank balances, loans and advances to staff and investment securities. The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the quantitative, backstop and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as inflation rate in Nigeria, unemployment rates and crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

c) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are determined to have experienced significant increase in credit risk. These assets are classified as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

e) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f) Offsetting of financial assets and financial liabilities

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

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

g) Fair value of financial instruments

The Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.
The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument. In other cases, the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

2.8 Revenue recognition and reporting

The adoption of IFRS 15 has resulted in changes in Group's accounting policy. IFRS 15 replaces IAS 18 which covers revenue arising from the sale of goods and the rendering of services, IAS 11 which covers construction contracts, and related interpretations. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated as the Commission has applied the modified retrospective approach in adopting this standard.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Group reasonably expects that the accounting result will not be materially different from the result of applying the standard to the individual contracts. the Group applied a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. The different revenue stream are as detailed below:

Market transaction fees
Revenue from market transaction fees is recognised at point in time as transactions are consummated in the capital market.

Registration of securities
Revenue from registration of securities is recognised at a point in time upon the receipt of the application for registration.

Registration of operators
Revenue from registration of operators is recognised at a point in time upon the receipt of the application for registration.

Penalties and transaction fees
Fines and penalties are recognised on an accrual basis less impairment. The income from fines and penalties is credited to the statement of comprehensive income.

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Group's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

Disaggregation of revenue from contract with customers

The Group recognises revenue from the provision of the following services:

	2018				
	Market transaction fees N'000	Registration of securities N'000	Registration of operators N'000	Penalties and other transaction fees N'000	Total N'000
Revenue from contract with customers	3,496,694	617,447	143,095	1,216,242	5,473,478
Timing of revenue recognition					
Point in time	3,496,694	617,447	143,095	1,216,242	5,473,478
Over time	-	-	-	-	-
Total revenue from contracts with customers	3,496,694	617,447	143,095	1,216,242	5,473,478

The Group has not disclosed disaggregated revenue for the comparative periods, as the effect of IFRS 15 adjustments have been treated retrospectively using the simplified transition approach. The simplified approach does not require a restatement of comparatives.

a) 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.

b) 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.

c) Impact of application of IFRS 15 Revenue from Contracts with Customers

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:

Performance obligation	**When performance obligation is typically satisfied**	**When payment is typically due**	**How stand alone selling price is typically allocated**
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 securities	Once application is received	Upon filing of application	
Revenue from registration of operators	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	

2.9 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 including treasury bills with less than three months from original maturity.

2.10 Property and equipment

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

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

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

2.11 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.

2.12 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.

2.13 Provision

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

2.14 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.

2.15 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.

2.16 Account payables

Account payables 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.

2.17 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.

Measurement of the expected credit loss allowance

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Details of the inputs, assumptions and estimation methodologies used in measuring ECL are described in note 2.7 (b).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- The probability of default, loss given default and the recovery rate;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of financial assets for the purposes of measuring ECL.

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

This note presents information about the Group's exposure to financial risks and the Group's management of capital.

i) Credit risk

ii) Liquidity risk

iii) Market risk

iv) Capital 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

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.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team which reports regularly to the Board of the Commission and head of each business unit.

3.1.1 Credit risk management

Credit risk poses a significant risk to the Group's business because of its asset portfolio; management therefore carefully manages its exposure to credit risk. This risk is managed by executive management through policies that ensure collectability of receivable amounts.

The credit risk on cash and bank balances is managed through the diversification of banks in which cash and bank balances are held. This risk on cash is limited because the majority of deposits are with banks that have an acceptable credit rating assigned by an international credit agency. The Group's maximum exposure to credit risk due to default of the counterparty is equal to the carrying value of its financial assets.

The maximum exposure to credit risk as at the reporting date is detailed below :

	31 December 2018 N'000	31 December 2017 N'000
Cash and cash equivalents		
Bank balances	581,939	11,470,745
Other financial assets		
Staff loans	1,036,494	1,079,250
Investment securities	18,942,541	7,706,384
Gross amount	20,560,974	20,256,379
Impairment of financial assets	(202,636)	(203,897)
Net amount	20,358,338	20,052,482

Cash and bank balances, other financial assets (excluding prepayments) are financial instruments whose carrying amounts as per the financial statements approximate their fair values.

The gross carrying amount of the Group's financial assets have been disclosed using the days past due criteria and other borrower specific information.

b) Estimation uncertainty in measuring impairment loss

The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

Staff loans

i) Expected cash flow recoverable

The table below demonstrates the sensitivity of ECL to a 10% change in the expected cash flows from financial assets, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in estimated cash flows		
+10%	15,171	17,328
-10%	(15,171)	(17,328)

ii) Significant input of ECL

The table below demonstrates the sensitivity to movements in the loss given default (LGD) for financial assets, other than trade receivables, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Loss Given Default		
+10%	2,786	2,969
-10%	(2,786)	(2,969)

The table below demonstrates the sensitivity to movements in the probability of default (PD) for financial assets, other than trade receivables, classified as stage 1 and stage 2 financial assets, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Probability of Default		
+10%	12,645	14,441
-10%	(12,645)	(14,441)

iii) Sensitivity to macroeconomic variables

Inflation

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Inflation		
+10%	5,768	6,617
-10%	(5,768)	(6,617)

Crude Oil Price

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Crude Oil		
+10%	(3,567)	(4,396)
-10%	3,567	4,396

Investment Securities

i) Expected cash flow recoverable

The table below demonstrates the sensitivity of ECL to a 10% change in the expected cash flows from financial assets, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in estimated cash flows		
+10%	3,624	2,590
-10%	(3,624)	(2,590)

ii) Significant input of ECL

The table below demonstrates the sensitivity to movements in the loss given default (LGD) for financial assets, other than trade receivables, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Loss Given Default		
+10%	626	451
-10%	(626)	(451)

The table below demonstrates the sensitivity of ECL to movements in the probability of default (PD) for financial assets, other than trade receivables, classified as stage 1 and stage 2 financial assets, with all other variables held constant:

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Probability of Default		
+10%	3,476	2,510
-10%	(3,476)	(2,510)

iii) Sensitivity to macroeconomic variables

Inflation

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in Inflation		
+10%	1,830	1,248
-10%	(1,830)	(1,248)

GDP Growth rate

	Effect on surplus 31 December 2018 N'000	Effect on surplus 31 December 2017 N'000
Increase/decrease in GDP Growth rate		
+10%	(445)	(269)
-10%	445	269

c) Credit risk exposure

The table below contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised using the general model. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Staff Loans

	2018			
	Stage 1 12-month ECL N'000	**Stage 2 Lifetime ECL N'000**	**Stage 3 Lifetime ECL N'000**	**Total N'000**
Gross EAD	1,025,729	-	10,765	1,036,494
Loss allowance	(151,709)	-	(15,874)	(167,583)
Carrying amount	874,020	-	(5,109)	868,911

	2017			
	Stage 1 12-month ECL N'000	**Stage 2 Lifetime ECL N'000**	**Stage 3 Lifetime ECL N'000**	**Total N'000**
Gross EAD	1,070,359	-	8,891	1,079,250
Loss allowance	(173,279)	-	(5,361)	(178,640)
Carrying amount	897,080	-	3,530	900,610

Investment securities

	2018			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross EAD	18,942,541	-	-	18,942,541
Loss allowance	(35,052)	-	-	(35,052)
Carrying amount	18,907,489	-	-	18,907,489

	2017			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross EAD	7,706,384	-	-	7,706,384
Loss allowance	(25,257)	-	-	(25,257)
Carrying amount	7,681,127	-	-	7,681,127

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 2018 and 31 December 2017.

Group
At 31 December 2018 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Nigeria	839,381	581,939	18,907,489	20,328,809
	839,381	**581,939**	**18,907,489**	**20,328,809**

Commission
At 31 December 2018 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Nigeria	839,381	392,313	18,907,489	20,139,183
	839,381	**392,313**	**18,907,489**	**20,139,183**

Group
At 31 December 2017 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Nigeria	1,214,499	11,470,745	7,706,384	20,391,628
	1,214,499	**11,470,745**	**7,706,384**	**20,391,628**

Commission
At 31 December 2017 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Nigeria	1,214,499	11,346,613	7,706,384	20,267,496
	1,214,499	**11,346,613**	**7,706,384**	**20,267,496**

(b) Industry sectors

Group
At 31 December 2018 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Government	-	-	18,907,489	18,907,489
Financial services	-	581,939	-	581,939
Others	839,381	-	-	839,381
	839,381	**581,939**	**18,907,489**	**20,328,809**

Commission
At 31 December 2018 (N'000)

	Staff loans and other receivables	Bank balances	Investment securities	Total
Government	-	-	18,907,489	18,907,489
Financial services	-	392,313	-	392,313
Others	839,381	-	-	839,381
	839,381	**392,313**	**18,907,489**	**20,139,183**

Group

At 31 December 2017 (N'000)	**Staff loans and other receivables**	**Bank balances**	**Investment securities**	**Total**
Government	-	-	7,706,384	7,706,384
Financial services	-	11,470,745	-	11,470,745
Others	1,214,499	-	-	1,214,499
	1,214,499	**11,470,745**	**7,706,384**	**20,391,628**

Commission

At 31 December 2017 (N'000)	**Staff loans and other receivables**	**Bank balances**	**Investment securities**	**Total**
Government	-	-	7,706,384	7,706,384
Financial services	-	11,346,613	-	11,346,613
Others	1,214,499	-	-	1,214,499
	1,214,499	**11,346,613**	**7,706,384**	**20,267,496**

3.1.3 Credit quality of financial assets

The credit quality of our financial assets can be assessed by reference to external credit rating (S&P). The risk of default is considered as low.

	Group		**Commission**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
(i) Investment securities	**N'000**	**N'000**	**N'000**	**N'000**
B	18,907,489	7,706,384	18,907,489	7,706,384
	18,907,489	**7,706,384**	**18,907,489**	**7,706,384**

	Group		**Commission**	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
(ii) Bank balances	**N'000**	**N'000**	**N'000**	**N'000**
B	581,939	11,470,745	392,313	11,346,613
NR	1,128	830	325	325
	583,067	**11,471,575**	**392,638**	**11,346,938**

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

B	An obligation rated 'B' is more vulnerable to non-payment 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 2018, is represented by the net carrying amounts of the financial assets set out in Note 3.1.1 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 2018, 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 2018 Group	Less than 3 months N'000	Over a year N'000	Carrying amount N'000
Sundry and other creditors	1,272,614	760,872	2,033,486
Total financial liabilities	**1,272,614**	**760,872**	**2,033,486**
Assets used to manage liquidity			
Cash and cash equivalents			583,067
Total financial assets			**583,067**
Gap			**(1,450,419)**

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
Total financial liabilities	**779,464**	**525,342**	**1,304,806**
Assets used to manage liquidity			
Cash and cash equivalents			11,471,575
Total financial assets			**11,471,575**
Gap			**10,166,769**

At 31 December 2018 Commission	Less than 3 months N'000	Over a year N'000	Carrying amount N'000
Sundry and other creditors	18,242,020	760,872	19,002,892
Total financial liabilities	**18,242,020**	**760,872**	**19,002,892**
Assets used to manage liquidity			
Cash and cash equivalents			392,638
Total financial assets			**392,638**
Gap			**(18,610,254)**

At 31 December 2017 Commission	Less than 3 months N'000	Over a year N'000	Carrying amount N'000
Sundry and other creditors	18,164,839	525,342	18,690,181
Total financial liabilities	**18,164,839**	**525,342**	**18,690,181**
Assets used to manage liquidity			
Cash and cash equivalents			11,346,938
Total financial assets			**11,346,938**
Gap			**(7,343,243)**

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.

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	**At 31 December 2018**		**At 31 December 2017**	
	Carrying value 2018 N'000	**Fair value 2018 N'000**	**Carrying value 2017 N'000**	**Fair value 2017 N'000**
Financial assets				
Cash and bank balances	583,067	583,067	11,471,575	11,471,575
Debt securities				
- Federal Government of Nigeria bonds and treasury bills	18,907,489	17,942,818	7,706,384	6,940,328
Staff loans	664,652	1,036,494	1,009,683	1,079,250
Other receivables	174,729	174,729	204,816	204,816
	20,329,937	**19,737,108**	**20,392,458**	**19,695,969**
Financial liabilities				
Sundry and other creditors	2,033,486	2,033,486	1,304,806	1,304,806
Accruals	32,017	32,017	53,478	53,478
	2,065,503	**2,065,503**	**1,358,284**	**1,358,284**

Commission	**At 31 December 2018**		**At 31 December 2017**	
	Carrying value N'000	**Fair value N'000**	**Carrying value N'000**	**Fair value N'000**
Financial assets				
Cash and bank balances	392,638	392,638	11,346,938	11,346,938
Debt securities (amortised cost)				
- Federal Government of Nigeria bonds and treasury bills	18,907,489	17,942,818	7,706,384	6,940,328
Staff loans	664,652	1,036,494	1,009,683	1,079,250
Other receivables	174,729	174,729	204,816	204,816
	20,139,508	**19,546,679**	**20,267,821**	**19,571,332**
Financial liabilities				
Sundry and other creditors	19,002,892	19,002,892	18,690,181	18,690,181
Accruals	26,250	26,250	47,712	47,712
	19,029,142	**19,029,142**	**18,737,893**	**18,737,893**

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 2018 (N'000)			
Financial assets	**Level 1**	**Level 2**	**Level 3**
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	3,674,295	-
- Federal Government of Nigeria Treasury bills	-	14,268,523	-
Staff loan	-	-	1,036,494
Other receivables	-	-	174,729

At 31 December 2018 (N'000)			
Financial liabilities			
Sundry and other creditors	-	-	2,033,486
Accruals	-	-	32,017

Group

At 31 December 2017 (N'000)	**Level 1**	**Level 2**	**Level 3**
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 receivable	-	-	204,816

At 31 December 2017 (N'000)			
Financial liabilities			
Sundry and other creditors	-	-	1,304,806
Accruals	-	-	53,478

Commission

At 31 December 2018 (N'000)	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Debt securities (amortised cost)			
- Federal Government of Nigeria Bonds	-	3,674,295	-
- Federal Government of Nigeria Treasury bills	-	14,268,523	-
Staff loan	-	-	1,036,494
Other receivables	-	-	174,729

At 31 December 2018 (N'000)			
Financial liabilities			
Sundry and other creditors	-	-	19,002,892
Accruals	-	-	26,250

Commission

At 31 December 2017 (N'000)	**Level 1**	**Level 2**	**Level 3**
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 receivable	-	-	204,816

At 31 December 2017 (N'000)			
Financial liabilities			
Sundry and other creditors	-	-	18,690,181
Accruals	-	-	47,712

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 and other 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.

4 Impact of adoption of IFRS 9

The Group has elected to adopt the modified retrospective approach on transition to IFRS 9, "Financial instruments" and will not restate comparative information. The adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening statement of changes in equity on 1 January 2018.

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).

4.1 Classification and measurement of financial instrument

a) 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	1,214,499	1,086,187
Investment securities	Held-to-maturity	Amortised cost	7,706,384	7,681,127

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	1,214,499	1,086,187
Investment securities	Held-to-maturity	Amortised cost	7,706,384	7,681,127

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9

The following table reconciles the carrying amounts of financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on I January 2018:

Group	IAS 39 carrying amount	Reclassifications	Remeasurements	IFRS 9 carrying amount
	31-Dec-17			1-Jan-18
Amortised cost	N'000	N'000	N'000	N'000
Cash and bank balances				
Opening balance under IAS 39	11,471,575	-	-	-
Remeasurement: ECL allowance	-	-	-	-
Closing balance under IFRS 9	-	-	-	11,471,575
	11,471,575	-	-	11,471,575
Staff loans and other receivables				
Opening balance under IAS 39	1,214,499	-	-	-
Remeasurement: ECL allowance	-	-	(128,312)	
Closing balance under IFRS 9	-	-	-	1,086,187
	1,214,499	-	(128,312)	1,086,187
Investment securities				
Opening balance under IAS 39	7,706,384			
Remeasurement: ECL allowance		-	(25,257)	
Closing balance under IFRS 9				7,681,127
	7,706,384	-	(25,257)	7,681,127

Commission	IAS 39 carrying amount	Reclassifications	Remeasurements	IFRS 9 carrying amount
	31-Dec-17			1-Jan-18
Amortised cost	N'000	N'000	N'000	N'000
Cash and bank balances				
Opening balance under IAS 39	11,346,938			
Remeasurement: ECL allowance		-	-	
Closing balance under IFRS 9				11,346,938
	11,346,938	-	-	11,346,938
Staff loans and other receivables				
Opening balance under IAS 39	1,214,499			
Remeasurement: ECL allowance		-	(128,312)	
Closing balance under IFRS 9				1,086,187
	1,214,499	-	(128,312)	1,086,187
Investment securities				
Opening balance under IAS 39	7,706,384			
Remeasurement: ECL allowance		-	(25,257)	
Closing balance under IFRS 9				7,681,127
	7,706,384	-	(25,257)	7,681,127

b) Financial liabilities

On 1 January 2018, 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 1 January 2018 is as follows:

Group

	N'000
Closing retained earnings as at 31 December 2017– IAS 39	24,746,715
Increase in provision for staff loans	128,312
Increase in provision for investment securities	25,257
Total transition adjustments	153,569
Opening retained earnings as at 1 January 2018 on adoption of IFRS 9	24,593,146

Commission

	N'000
Closing retained earnings as at 31 December 2017– IAS 39	22,208,613
Increase in provision for staff loans	128,312
Increase in provision for investment securities	25,257
Total transition adjustments	153,569
Opening retained earnings as at 1 January 2018 on adoption of IFRS 9	22,055,044

4.2 Expected Credit Loss Impairment Parameters

The parameters used to determine impairment for staff loans and investment securities are shown below.

	Staff loans	Investment securities
Probability of Default (PD)	The credit rating of staff was used to reflect probability of default on staff loans. This was supplemented with external data from Fitch Global Corporate Default rates to arrive at a 12 month PD and lifetime PD for stage 1, stage 2 and stage 3 receivables. The PD for stage 3 is 100%.	The rating of the Federal Government of Nigeria was used to reflect probability of default on debt securities. This was supplemented with external data from S&P sovereign term structure to arrive at a 12 month PD and lifetime PD for stage 1, stage 2 and stage 3 investment securities. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The LGD was determined using the average recovery rate for Moody's subordinated bonds. This was adjusted with the federal reserve formulae to reflect downturn LGD.	The LGD was determined using the weighted recovery rates on defaulted sovereign bonds from 1998 to 2016. This was adjusted with the federal reserve formulae to reflect downturn LGD.
Exposure at Default (EAD	The EAD is the maximum exposure of the receivable to credit risk.	The EAD is the maximum exposure of the receivable to credit risk.
Macroeconomic indicators	The Nigerian inflation rate and crude oil price were identified as economic variables affecting the credit risk.	The Nigerian inflation rate and Gross Domestic Product (GDP) were identified as economic variables affecting the credit risk.
Probability weightings	Historical data on GDP for the last 44 quarters was used to determine base, optimistic and downturn scenarios with a 80% confidence interval. 82%, 2% and 16% of historical inflation and interest growth rates observation fall within acceptable bounds, periods of boom and periods of downturn respectively.	Historical data on GDP for the last 44 quarters was used to determine base, optimistic and downturn scenarios with a 80% confidence interval. 82%, 2% and 16% of historical inflation and interest growth rates observation fall within acceptable bounds, periods of boom and periods of downturn respectively.

4.3 Significant Increase in Credit Risk

The Group has established a framework that consider qualitative, quantitative, and 'backstop' (30 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The Group will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:
- the risk of default on the exposure as at the reporting date; with
- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. Modifying the contractual terms of a financial instrument may also affect this assessment.

Details of the qualitative, quantitative and backstop factors used to determine the significant increase in credit risk are highlighted below:

i) Quantitative Criteria

The use of quantitative criteria requires the Group to refresh its quantitative metrics at least annually. The Group adopted the following quantitative criteria for the purpose of assessing Significant Increase in Credit Risk (SICR), vis-à-vis stage allocation.

The Group monitors changes in external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of Significant Increase in Credit Risk (SICR) depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date. The Group applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating. The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a financial instrument rated CCC at origination, a three-notch movement is deemed significant for an AAA rated financial instrument.

Below is a table of the quantitative criteria used in allocating stages to the financial instruments of the Group:

Stage 1	Stage 2	Stage 3
• Less than two (2) notches downgrade in the external rating of the obligor for financial instruments in investment grade for sovereign facilities and four (4) for others.	• Less than two (1) notches downgrade in the external rating of the obligor for financial instruments in non-investment grade for sovereign facilities and two (2) for others.	• All facilities with a rating of D are grouped in stage 3

ii) Qualitative Indicators:

The Group uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors. The Group shall override the stage allocation using quantitative assessment if the financial instrument meets the qualitative criteria for a different impairment stage as detailed below.

Below is a table of the qualitative criteria used in allocating stages to the financial instruments of the Group:

Stage 1	Stage 2	Stage 3
• The financial instrument meets CBN low risk exception criteria i.e. "risk free and gilt edged" • All financial instruments at inception will be in stage 1 except if purchased originated as credit impaired. • The financial instrument has not had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: - An actual or expected change in the regulatory, macroeconomic, or technological environment of the borrower at the reporting date does not result in a significant change in the borrower's ability to meet its obligations relative to the origination date. - No expectation of forbearance or restructuring due to financial difficulties. - No evidence that full repayment of interest and principal will require the realization of collaterals or other form of support. - Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has not change materially from the origination date.	• The financial instrument has had a significant increase in credit risk since origination as evidenced by (but not limited to) the following factors: - Expectation of forbearance or restructuring due to financial difficulties. - Evidence that full repayment of interest and principal will require the realization collaterals or other form of support. - Other factors other than those listed above that suggest that the ability of the obligor to meet contractual obligations at the reporting date has not change materially from the origination date.	• Financial instruments that are purchased or originated as credit impaired. • The financial instrument has objective evidence of impairment at the reporting date as evidenced by but not limited the following: - Disappearance of an active market the financial instrument because of financial difficulties. - The purchase or origination of a financial instrument at a deep discount that reflects the incurred credit losses - Breach of covenants that are deemed default events. - Other qualitative factors representing default such as in the CBN's prudential guideline definition of default.

iii) Backstop:

The Group uses the backstop indicator otherwise known as "30 days past due presumption" to assess significant decrease/increase in credit risk. Evidence of SICR depends on the financial instrument's performance status and the number of days for which contractual payments are past due.

The thresholds for these quantitative criteria will be reviewed by the Group on an annual basis.

Stage 1	Stage 2	Stage 3
• The financial instrument is performing with less than 30 days past due on any contractual payment.	• The financial instrument is performing with 30 or more days but less than 90 days past due on any contractual payment; except if the Group can rebut that the "30 days past due" presumption does not represent significant increase in credit risk for that particular financial instrument.	• The financial instrument is 90 or more days past due on contractual payments; except if the Group can rebut that the "90 days past due" presumption does not represent a default event for that particular financial instrument.

4.4 Loss Allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

a) Staff loans

Staff loans represents outstanding receivables from staff. The Group applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for staff loans.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

Staff Loans	Stage 1 12-Month ECL **N'000**	Stage 2 Lifetime ECL **N'000**	Stage 3 Lifetime ECL **N'000**	Purchased Credit Impaired **N'000**	Total **N'000**
Loss allowance as at 1 January 2018	173,279	-	5,361	-	178,640
Movements with P&L impact					
Transfers:					
Unwind of discount(a)	26,071	-	-	-	26,071
Total net P&L charge during the period	151,709	-	15,874	-	167,583
Loss allowance as at 31 December 2018	351,059	-	21,235	-	372,294

The following table further explains changes in the gross carrying amount of the portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Staff Loans	Stage 1 12-Month ECL **N'000**	Stage 2 Lifetime ECL **N'000**	Stage 3 Lifetime ECL **N'000**	Purchased Credit Impaired **N'000**	Total **N'000**
Gross carrying amount as at 1 January 2018	1,070,359	-	8,891	-	1,079,250
Transfers:					
Financial assets derecognised during the period other than write-offs	(196,339)	-	(14,000)	-	(210,339)
Gross carrying amount as at 31 December 2018	874,020	-	(5,109)	-	868,911

b) Investment securities

Investment securities represents outstanding receivables from staff. The Group applies the IFRS 9 general model for measuring expected credit losses (ECL). This requires a three-stage approach in recognising the expected loss allowance for staff loans.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The following analysis provides further detail about the calculation of ECLs related to these assets. The Group considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

Investment securities	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	N'000	N'000	N'000	N'000	N'000
Loss allowance as at 1 January 2018	25,257	-	-	-	25,257
Movements with P&L impact					
Transfers:					
Unwind of discount(a)	3,798	-	-	-	3,798
Total net P&L charge during the period	35,052	-	-	-	35,052
Loss allowance as at 31 December 2018	64,107	-	-	-	64,107

The following table further explains changes in the gross carrying amount of the portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

Investment securities	Stage 1 12-Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased Credit Impaired	Total
	N'000	N'000	N'000	N'000	N'000
Gross carrying amount as at 1 January 2018	7,706,384	-	-	-	7,706,384
Transfers:					
Financial assets derecognised during the period other than write-offs	(2,300,000)	-	-	-	(2,300,000)
New financial assets originated or purchased	13,536,157	-	-	-	13,536,157
Gross carrying amount as at 31 December 2018	18,942,541	-	-	-	18,942,541

		Group		Commission	
		31 December 2018 N '000	31 December 2017 N '000	31 December 2018 N '000	31 December 2017 N '000
5	**Fee income**				
	Market transaction fees	3,496,694	3,602,417	3,496,694	3,602,417
	Registration of securities				
	- Bonds	268,750	192,404	268,750	192,404
	- Equities	319,549	258,294	319,549	258,294
	- Right issues	23,922	262,616	23,922	262,616
	- Bonus shares	5,225	5,850	5,225	5,850
	Registration of operators	143,095	98,500	143,095	98,500
	Penalties and other transaction fees	1,216,242	696,570	1,216,242	696,570
		5,473,477	**5,116,651**	**5,473,477**	**5,116,651**
6	**Interest income**				
	Investment securities - Treasury bills	2,076,246	2,058,626	2,076,246	2,058,626
	Investment securities - Bonds	469,680	604,317	469,680	604,317
	Staff loans	15,987	43,253	15,987	43,253
		2,561,913	**2,706,196**	**2,561,913**	**2,706,196**
7	**Other income**				
	Workshop training	70,378	68,054	-	-
	Other miscellaneous income	58,464	(458)	58,464	2,382
		128,842	**67,596**	**58,464**	**2,382**
8	**Employee benefit expense**				
	Wages and salaries	3,339,700	2,773,257	3,339,700	2,614,489
	Other staff allowances	2,638,965	2,342,605	2,638,965	2,342,605
	Pension costs:				
	- Defined contribution plan	437,852	844,399	437,852	844,399
	- Define benefit plan (Note 20)	44,250	(200,854)	44,250	(200,854)
		6,460,767	**5,759,407**	**6,460,767**	**5,600,639**
9	**Depreciation and amortisation expenses**				
	Depreciation of property and equipment (note 11)	240,129	285,842	228,837	280,621
	Amortisation of intangible assets (note 12)	30,454	13,549	30,454	13,549
		270,583	**299,391**	**259,291**	**294,170**
10	**Other operating expense**				
	Travelling expense	502,156	265,018	491,994	263,701
	Maintenance costs	214,074	285,970	192,851	239,475
	Insurance	194,857	202,624	191,460	201,848
	Training and capacity building	244,509	106,092	200,674	63,816
	Fuel	93,791	127,429	79,586	117,908
	Tenement rates	100,815	108,513	91,334	97,316
	Printing, stationery and subscriptions	81,788	73,899	79,325	69,821
	Donations	17,316	13,965	17,316	13,965
	Information technology expenses	161,471	214,843	157,537	213,285
	Meeting expenses	60,977	24,618	60,535	24,281
	Professional fees	38,011	11,858	38,011	11,858
	Capital market development expenses	320,542	68,497	20,083	3,739
	Administrative expenses	125,967	53,441	125,967	52,804
	Board members' compensation, allowances and expenses	4,853	3,224	-	-
	Audit fees**	28,000	28,000	25,000	25,000
	Legal fees	225,487	56,604	225,487	56,302
	Impairment charged/(write back) on staff loans and other receivable (Note 14)	(11,057)	154,470	(11,057)	151,783
	Impairment charged on investment securities (Note 15.2)	9,795	-	9,795	-
	Other operating expenses	18,710	50,199	17,297	45,738
		2,432,062	**1,849,264**	**2,013,195**	**1,652,640**

** 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 (2017: Nil)

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
Cost							
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			-	-	-	(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
At 1 January 2018	801,846	3,070,652	1,478,781	795,701	578,567	5,805	6,731,352
Additions	-	-	22,371	30,454	-	-	52,825
At 31 December 2018	801,846	3,070,652	1,501,152	826,155	578,567	5,805	6,784,177
Accumulated depreciation							
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
Disposals	-	-	-	-	(56,220)	-	(56,220)
At 31 December 2017	-	959,451	1,326,579	661,816	540,373	-	3,488,219
At 1 January 2018	-	959,451	1,326,579	661,816	540,373	-	3,488,219
Charge for the year	-	76,766	77,461	56,489	29,413	-	240,129
At 31 December 2018	-	1,036,217	1,404,040	718,305	569,786	-	3,728,348
Net book amount at 31 December 2017	801,846	2,111,201	152,202	133,885	38,194	5,805	3,243,133
Net book amount at 31 December 2018	801,846	2,034,435	97,112	107,850	8,781	5,805	3,055,829

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
Cost							
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
At 1 January 2018	801,846	3,070,652	1,460,754	793,401	559,969	5,805	6,692,427
Additions	-	-	22,231	30,453	-	-	52,684
At 31 December 2018	801,846	3,070,652	1,482,985	823,854	559,969	5,805	6,745,111
Accumulated depreciation							
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
Disposals	-	-	-	-	(56,220)	-	(56,220)
At 31 December 2017	-	959,451	1,325,166	661,624	536,757	-	3,482,998
At 1 January 2018	-	959,451	1,325,166	661,624	536,757	-	3,482,998
Charge for the year	-	76,766	72,945	55,914	23,212	-	228,837
At 31 December 2018	-	1,036,217	1,398,111	717,538	559,969	-	3,711,835
Net book amount at 31 December 2017	801,846	2,111,201	135,588	131,777	23,212	5,805	3,209,429
Net book amount at 31 December 2018	801,846	2,034,435	84,874	106,316	-	5,805	3,033,276

12 Intangible assets

	Group		Commission	
	31 December 2018 N' 000	31 December 2017 N' 000	31 December 2018 N' 000	31 December 2017 N' 000
Cost				
At 1 January	656,461	575,101	656,461	575,101
Additions	9,048	74,140	9,048	74,140
Transfer from property & equipment	-	7,220	-	7,220
Closing balance	**665,509**	**656,461**	**665,509**	**656,461**
Intangible assets relate only to software.				
Accumulated amortisation				
Opening balance	558,592	545,043	558,592	545,043
Amortisation charge	30,454	13,549	30,454	13,549
Closing balance	**589,046**	**558,592**	**589,046**	**558,592**
Net book amount	**76,463**	**97,869**	**76,463**	**97,869**

13 Interests in structured entities

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

Details of the Commission's relationship with these entities are provided in note 25.3.

14 Staff loans and other receivables

Staff loans	832,235	1,060,011	832,235	1,060,011
Impairment of staff loans	(167,583)	(50,328)	(167,583)	(50,328)
	664,652	**1,009,683**	**664,652**	**1,009,683**
Other receivables				
Receivables from penalties and fines	10,451	75,900	10,451	75,900
Receivables from fee income	188,166	265,696	188,166	265,696
Sundry debtors	141,627	28,735	138,940	26,048
Impairment of receivables from fee income	(136,779)	(136,779)	(136,779)	(136,779)
Impairment of sundry debtors	(28,736)	(28,736)	(26,049)	(26,049)
	174,729	**204,816**	**174,729**	**204,816**
	839,381	**1,214,499**	**839,381**	**1,214,499**
Movement in impairment of staff loans				
Balance, beginning of year	50,328	50,328	50,328	50,328
Impact of IFRS 9 adoption on opening balance	128,312	-	128,312	-
Write back for the year	(11,057)	-	(11,057)	-
Balance, end of year	**167,583**	**50,328**	**167,583**	**50,328**
Movement in impairment of sundry debtors				
Balance, beginning of year	28,736	11,045	26,049	11,045
Charge for the year	-	17,691	-	15,004
Balance, end of year	**28,736**	**28,736**	**26,049**	**26,049**
Movement in impairment of receivables from fee income				
Balance, beginning of year	136,779	-	136,779	-
Charge for the year	-	136,779	-	136,779
Balance, end of year	**136,779**	**136,779**	**136,779**	**136,779**
Charge/(writeback) to statement of profit/loss				
Impairment of staff loans	(11,057)	-	(11,057)	-
Impairment of sundry debtors	-	17,691	-	15,004
Impairment of receivables from fee income	-	136,779	-	136,779
	(11,057)	**154,470**	**(11,057)**	**151,783**
Classification of staff loans and other receivables				
Current	174,729	204,816	174,729	204,816
Non-current	664,652	1,009,683	664,652	1,009,683
	839,381	**1,214,499**	**839,381**	**1,214,499**

		Group		Commission	
15	**Investment securities**	**31 December 2018**	**31 December 2017**	**31 December 2018**	**31 December 2017**
		N' 000	**N' 000**	**N' 000**	**N' 000**
	Debt securities at amortised cost	18,942,541	7,706,384	18,942,541	7,706,384
	Less impairment allowance on debt securities	(35,052)	-	(35,052)	-
		18,907,489	**7,706,384**	**18,907,489**	**7,706,384**
15.1					
	Debt securities at amortised cost				
	- Federal Government of Nigeria Bonds	4,663,059	4,646,567	4,663,059	4,646,567
	- Nigeria Treasury bills	14,279,482	3,059,817	14,279,482	3,059,817
		18,942,541	**7,706,384**	**18,942,541**	**7,706,384**
15.2	**Movement in impairment of investment securities**				
	Balance, beginning of year	-	-	-	-
	Impact of IFRS 9 adoption on opening balance	25,257	-	25,257	-
	Charge for the year	9,795	-	9,795	-
	Balance, end of year	**35,052**	-	**35,052**	-
	Classification of Investment securities				
	Current	14,886,346	5,373,035	14,886,346	5,373,035
	Non-current	4,021,143	2,333,349	4,021,143	2,333,349
		18,907,489	**7,706,384**	**18,907,489**	**7,706,384**
16	**Prepayments**				
	Prepaid staff allowance	2,048,172	2,080,874	2,046,473	2,080,722
	Prepaid office rent	23,481	34,318	23,481	34,318
	Prepaid motor vehicle allowance	588,279	767,134	588,279	767,134
		2,659,932	**2,882,326**	**2,658,233**	**2,882,174**
17	**Cash and bank balances**				
	Cash in hand	1,128	830	325	325
	Balances held with banks in Nigeria	581,939	11,470,745	392,313	11,346,613
		583,067	**11,471,575**	**392,638**	**11,346,938**

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.

		Group		Commission	
		31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
		N' 000	**N' 000**	**N' 000**	**N' 000**
	Cash and cash equivalents				
	Cash in hand	1,128	830	325	325
	Balances held with banks in Nigeria	581,939	11,470,745	392,313	11,346,613
		583,067	**11,471,575**	**392,638**	**11,346,938**
18	**Sundry and other creditors**				
	Accounts payable	776,927	61,598	776,927	61,598
	Sundry creditors	495,687	717,866	492,596	714,774
	Payable to related entities	-	-	16,972,497	17,388,467
	Payable to Consolidated Reserve Fund	760,872	525,342	760,872	525,342
		2,033,486	1,304,806	19,002,892	18,690,181
	Non financial liabilities:				
	WHT payable	6,887	2,285	6,887	2,285
	PAYE payable	14,331	16,849	14,331	16,849
	VAT payable	6,008	1,737	6,008	1,737
		2,060,712	**1,325,677**	**19,030,118**	**18,711,052**

19 Provisions and accruals

	Group		Commission	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	N' 000	N' 000	N' 000	N' 000
Accruals	32,017	53,478	26,250	47,712
Provisions	801,540	620,000	801,540	620,000
	833,557	**673,478**	**827,790**	**667,712**
Current	833,557	673,478	827,790	667,712
	833,557	**673,478**	**827,790**	**667,712**

Provisions relate to recognition of liability with respect to litigations(three cases, 2017: two cases) involving the Commission which judgement has been delivered against the Commission. However, the Commission is in the process of appeal.

20 Retirement benefit obligations

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

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

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

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

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

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

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

	Group		Commission	
Statement of financial position asset/(liability) for:	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	N' 000	N' 000	N' 000	N' 000
Staff gratuity plan asset/liabilities	**88,022**	**130,084**	**88,022**	**130,084**

Income statement charge for:		Group		Commission	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		N' 000	N' 000	N' 000	N' 000
Current service cost	(Note 20 (a))	57,405	48,814	57,405	48,814
Interest cost	(Note 20 (a))	312,948	358,014	312,948	358,014
Interest income	(Note 20 (b))	(326,103)	(607,682)	(326,103)	(607,682)
		44,250	**(200,854)**	**44,250**	**(200,854)**
Recognized in other comprehensive income					
Remeasurement gains/(losses) are recognised in the statement of other comprehensive income.					
Remeasurement losses/(gains)	(Note 20 (a))	(113,964)	(113,386)	(113,964)	(113,386)
Remeasurement losses	(Note 20 (b))	126,486	(112,131)	126,486	(112,131)
		12,522	**(225,517)**	**12,522**	**(225,517)**

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

		Group		Commission	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		N' 000	N' 000	N' 000	N' 000
Defined benefit obligation	(Note 20 (a))	(2,160,326)	(2,257,954)	(2,160,326)	(2,257,954)
Fair value of plan assets	(Note 20 (b))	2,248,348	2,388,038	2,248,348	2,388,038
		88,022	**130,084**	**88,022**	**130,084**

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

Opening defined benefit obligation	2,257,954	2,595,567	2,257,954	2,595,567
Current service cost	57,405	48,814	57,405	48,814
Interest cost	312,948	358,014	312,948	358,014
Remeasurement losses/(gains)	(113,964)	(113,386)	(113,964)	(113,386)
Expenses	(14,710)	(28,566)	(14,710)	(28,566)
Benefits paid	(339,307)	(602,489)	(339,307)	(602,489)
	2,160,326	**2,257,954**	**2,160,326**	**2,257,954**

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

At the beginning of the period	2,388,038	2,270,714	2,388,038	2,270,714
Interest income	326,103	607,682	326,103	607,682
Employer contributions	14,710	28,566	14,710	28,566
Expenses	(14,710)	(28,566)	(14,710)	(28,566)
Remeasurement (losses)/gains	(126,486)	112,131	(126,486)	112,131
Benefits paid	(339,307)	(602,489)	(339,307)	(602,489)
	2,248,348	**2,388,038**	**2,248,348**	**2,388,038**

Composition of plan assets				
Cash	1,119,677	1,680,701	1,119,677	1,680,701
Equity	162,331	93,850	162,331	93,850
Bonds	966,340	613,487	966,340	613,487
	2,248,348	**2,388,038**	**2,248,348**	**2,388,038**

The principal actuarial assumptions were as follows:

	31 December 2018	31 December 2017
Discount rate	16.1%	14.7%
Pension allowance increase	0.0%	0.0%

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 2018

	Effect of change in the discount rate		
Assumptions	**Decrease in assumption by 1%**	**Based on actual discount rate of 16%**	**Increase in assumption by 1%**
Average long term discount rate (p.a.)	(2,069,803)	(2,160,326)	(2,259,888)
Percentage change in the defined benefit obligation	-4.2%		4.6%

	Effect of change in the Pension increase rate		
Assumptions	**Decrease in assumption by 1%**	**Based on actual discount rate of 16%**	**Increase in assumption by 1%**
Average long term discount rate (p.a.)	(2,180,257)	(2,160,326)	(2,139,221)
Percentage change in the defined benefit obligation	-0.9%		1.0%

The sensitivity analysis was performed by recomputing the liability to show the effect of:
i) the change in the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
ii) the change in the pension increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the pension increase rate.
iii) the change in the 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 (2017: Nil)

22 a) Capital reserve fund

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

b) Transfer to Consolidated Revenue Fund Account

This represents an annual transfer of 80% of the Commission's operating surplus to the Federal Government of Nigeria in compliance with section 22(1) of the Fiscal Responsibility Act 2007.

23 Reconciliation of profit to cash generated from operations

		Group		Commission	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		N' 000	N' 000	N' 000	N' 000
Surplus/(Deficit) for the period		(999,180)	(17,619)	(639,399)	277,780
Adjustments for:					
– Depreciation (note 10)		240,129	285,842	228,837	280,621
– Amortisation (note 10)		30,454	13,549	30,454	13,549
– Defined benefit scheme expenses	(Note 20)	44,250	(200,854)	44,250	(200,854)
- Impairment charged/(write back) on staff loans and other receivable	(Note 14)	(11,057)	(154,470)	(11,057)	(151,783)
- Impairment charged on investment securities	(Note 15.2)	9,795	-	9,795	-
– loss/(profit) on disposal of property and equipment		-	1,179	-	1,179
Changes in operating assets and liabilities					
-Change in prepayments		222,394	(892,468)	223,941	(892,315)
-Change in staff loans and other receivables		257,864	879,393	257,863	1,089,537
-Change in sundry creditors		765,035	374,030	349,066	(230,604)
-Change in accrued provision		160,078	16,075	160,078	13,309
Cash (used in)/generated from operating activities		**719,762**	**304,657**	**653,828**	**200,421**

24 Contingent liabilities and commitments

Legal proceedings

The Commission has contingent liabilities amounting to N801 million (2017: N620 million) arising from litigation and this represents the most likely outcome as assessed by the Commission based on legal advice and court ruling. 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 year.

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 2018	31 December 2017	31 December 2018	31 December 2017
	N' 000	N' 000	N' 000	N' 000
Short term benefits /executive compensation	329,497	83,207	329,497	83,207
Post employment benefits	15,623	255,426	15,623	255,426
	345,120	**338,633**	**345,120**	**338,633**

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

	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	N' 000	N' 000	N '000	N '000
Senior management	67	67	67	67
Management	330	324	330	324
Non management	156	241	156	241
	553	**632**	**553**	**632**

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**	**Transactions**	**31 December 2018 N' 000**	**31 December 2017 N' 000**	**31 December 2018 N' 000**	**31 December 2017 N' 000**
Director General	Key management personnel	Loan	1,000	-	1,000	-
Executive Commissioner (Corporate Services)	Key management personnel	Loan	2,843	-	2,843	-
Ag. Executive Commissioner, Operations)	Key management personnel	Loan	3,750		3,750	
Executive Commissioner (Legal & Environment)	Key management personnel	Loan	5,891	-	5,891	-

Commission	**Nature of relationship**	**Nature of balance**	**31 December 2018 N' 000**	**31 December 2017 N' 000**	**31 December 2018 N' 000**	**31 December 2017 N' 000**
Ag. Director General	Key management personnel	Loan	1,000	-	1,000	-
Ag. Executive Commissioner, Corporate Services)	Key management personnel	Loan	2,843	-	2,843	-
Ag. Executive Commissioner, Operations)	Key management personnel	Loan	3,750		3,750	
Ag. Executive Commissioner, Legal & Environment)	Key management personnel	Loan	5,891	-	5,891	-
Capital Market Development Fund	Subsidiary	Payable	5,765,033	6,071,396	5,765,033	6,071,396
National Investors Protection Fund	Subsidiary	Payable	6,274,541	6,275,591	6,274,541	6,275,591
Nigerian Capital Market Institute	Subsidiary	Payable	4,932,924	5,041,480	4,932,924	5,041,480

None of the loans to key management personnel is either past due nor impaired. Hence no specific provision was required in 2018 (2017: nil) for the loans made to key management personnel. The loans are repayable monthly and the interest rate ranges between 1% to 2%. The repayment period ranges between 2 to 10 years.

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

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:

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

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

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

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

The nature of risks associated with the Commission's interests in the consolidated structured entities

The risk associated with the Commission's interests in these structured entities is in the provision of funds for their operation. The Commission is committed to ensuring that the entities perform as designed and could be exposed if they fail to discharge of their stated functions. The other risk lies with the guarantee the Commission provided on incorporation of some the entities. These guarantees exposes the Commission to potential adverse risks as the Commission might be required to inject more funds into the structured entities to keep them going.

The Commission set aside a total of N15 billion to the three structured entities as start up funding, as disclosed in note 14.

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 2018

	Commission	National Investors Protection Fund	Capital Market Development Fund	Nigerian Capital Market Institute
	N'000	N'000	N'000	N'000
Assets				
Non-current assets				
Property and equipment	3,033,276	-	-	22,556
Intangible assets	76,463	-	-	-
Interest in structured entities	15,000,000	-	-	-
Staff loans and other receivables	664,652	6,221,680	5,716,464	4,892,674
Investment securities	4,021,143	-	-	-
Prepayments	2,658,233	-	-	-
Retirement benefit assets	88,022			
Total non-current assets	**25,541,788**	**6,221,680**	**5,716,464**	**4,915,230**
Current assets				
Staff loans and other receivables	174,729	-	-	-
Investment securities	14,886,346	-	-	-
Cash and bank balances	392,638	-	-	190,428
Total current assets	**15,453,713**	-	-	**190,428**
Total assets	**40,995,501**	**6,221,680**	**5,716,464**	**5,105,658**
Equity				
Capital grant	496,858	-	-	-
Capital reserve fund	447,676	-	-	-
Accumulated reserve fund	20,193,059	1,219,013	712,847	102,133
Capital	-	5,000,000	5,000,000	5,000,000
Total equity	**21,137,593**	**6,219,013**	**5,712,847**	**5,102,133**
Liabilities				
Current liabilities				
Sundry and other creditors	19,030,118	1,617	3,617	3,525
Provision for accrued charges	827,790	1,050	-	-
Total liabilities	**19,857,908**	**2,667**	**3,617**	**3,525**
Total equity and liabilities	**40,995,501**	**6,221,680**	**5,716,464**	**5,105,658**

Statement of profit or loss and other comprehensive income				
Fee income from operations	5,473,477	-	-	-
Interest Income	2,561,913	-	-	-
Other Income	58,464	-	-	70,378
Total income	**8,093,854**	-	-	**70,378**
Employee benefits expense	(6,460,767)	-	-	-
Depreciation and amortisation expenses	(259,291)	-	-	(11,290)
Write back of impairment on financial assets	11,057	1,724	4,240	2,292
Other operating expenses	(2,014,457)	(1,050)	(306,363)	(111,459)
Total expenditure	**(8,733,253)**	**674**	**(302,123)**	**(120,457)**
Deficit/(income) for the year	**(639,399)**	**674**	**(302,123)**	**(50,079)**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gain on defined benefit scheme	(12,522)	-	-	-
Other comprehensive income for the year	**(12,522)**	-	-	-
Total comprehensive income for the year	**(651,921)**	**674**	**(302,123)**	**(50,079)**

Statement of financial position as at 31 December 2017

	Commission N'000	National Investors Protection Fund N'000	Capital Market Development Fund N'000	Nigerian Capital Market Institute N'000
Assets				
Non-current assets				
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	-	-	-
Total non-current assets	**24,662,588**	**6,275,591**	**6,071,396**	**5,078,027**
Current assets				
Staff loans and other receivables	204,816	-	-	
Held to maturity financial assets	5,373,035	-	-	-
Cash and bank balances	11,346,938	-	-	124,637
Total current assets	**16,924,789**	**-**	**-**	**124,637**
Total assets	**41,587,377**	**6,275,591**	**6,071,396**	**5,202,664**
Equity				
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
Total equity	**22,208,613**	**6,272,974**	**6,067,779**	**5,199,139**
Liabilities				
Current liabilities				
Sundry and other creditors	18,711,052	2,617	3,617	3,525
Provision and accruals	667,712	-	-	-
Total liabilities	**19,378,764**	**2,617**	**3,617**	**3,525**
Total equity and liabilities	**41,587,377**	**6,275,591**	**6,071,396**	**5,202,664**
Statement of profit or loss and other comprehensive income				
Fee income from operations	5,116,651	-	-	-
Interest Income	2,706,196	-	-	-
Other Income	2,382	-	1,137,887	65,214
Total income	**7,825,229**	**-**	**1,137,887**	**65,214**
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)
Total expenditure	**(7,547,449)**	**(4,696)**	**(70,108)**	**(273,575)**
Income/(deficit) for the year	**277,780**	**(4,696)**	**1,067,779**	**(208,361)**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gain on defined benefit scheme	225,517	-	-	-
Other comprehensive income for the year	**225,517**	**-**	**-**	**-**
Total comprehensive income for the year	**503,297**	**(4,696)**	**1,067,779**	**(208,361)**

Other national disclosures

Statement of value added

Group	**31 December 2018 N '000**	**%**	**31 December 2017 N '000**	**%**
Gross income	8,164,232		7,890,443	
Bought in goods and services				
- local	(2,432,062)		(1,849,264)	
Value added	**5,732,170**	**100%**	**6,041,179**	**100%**
Distribution				
Employees				
Employee benefit expense	6,460,767	113%	5,759,407	174%
Providers of capital				
(Deficit) for the year	(999,180)	(17%)	(17,619)	(81%)
To provide for enhancement of assets and growth				
Depreciation, impairment and amortisation expenses	270,583	5%	299,391	7%
	5,732,170	**100%**	**6,041,179**	**100%**

The Commission	**31 December 2018 N '000**	**%**	**31 December 2017 N '000**	**%**
Gross income	8,093,854		7,825,229	
Bought in goods and services				
- local	(2,013,195)		(1,652,640)	
Value added	**6,080,659**	**100%**	**6,172,589**	**100%**
Distribution				
Employees				
Employee benefit expense	6,460,767	106%	5,600,639	91%
Providers of capital				
Surplus/ (deficit) for the year	(639,399)	(11%)	277,780	5%
To provide for enhancement of assets and growths				
Depreciation, impairment and amortisation expenses	259,291	4%	294,170	5%
	6,080,659	**100%**	**6,172,589**	**100%**

Five year financial summary (Group)

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000
Assets					
Non-current assets					
Property and equipment	3,055,829	3,243,133	3,345,466	3,560,994	3,582,272
Intangible assets	76,463	97,869	30,058	14,390	29,808
Staff loans and other receivables	664,652	1,009,683	1,066,374	720,713	808,004
Investment securities	4,021,143	2,333,349	4,643,249	7,609,367	7,595,522
Prepayments	2,659,932	2,882,326	1,989,859	2,772,153	2,564,617
Retirement benefit assets	88,022	130,084	-	-	-
Total non-current assets	**10,566,041**	**9,696,444**	**11,075,006**	**14,677,617**	**14,580,223**
Current assets					
Staff loans and other receivables	174,729	204,816	873,048	572,602	286,618
Investment securities	14,886,346	5,373,035	13,779,957	-	4,076,910
Cash and bank balances	583,067	11,471,575	1,386,887	14,578,889	15,252,481
Total current assets	**15,644,142**	**17,049,426**	**16,039,892**	**15,151,491**	**19,616,009**
Total assets	**26,210,183**	**26,745,870**	**27,114,898**	**29,829,108**	**34,196,232**
Equity and liabilities					
Equity					
Capital grant	496,858	496,858	496,858	496,858	496,858
Capital reserve fund	447,676	447,676	447,676	447,676	447,676
Accumulated reserve fund	22,371,380	23,802,181	24,178,043	27,008,110	31,217,830
Total equity	**23,315,914**	**24,746,715**	**25,122,577**	**27,952,644**	**32,162,364**
Liabilities					
Non current liabilities					
Retirement benefit obligations	-	-	324,853	646,472	61,227
Total non-current liabilities	**-**	**-**	**324,853**	**646,472**	**61,227**
Current liabilities					
Sundry and other creditors	2,060,712	1,325,677	1,010,066	551,612	1,352,641
Provision and accruals	833,557	673,478	657,402	652,922	620,000
Finance lease	-	-	-	25,458	-
Total current liabilities	**2,894,269**	**1,999,155**	**1,667,468**	**1,229,992**	**1,972,641**
Total liabilities	**2,894,269**	**1,999,155**	**1,992,321**	**1,876,464**	**2,033,868**
Total equity and liabilities	**26,210,183**	**26,745,870**	**27,114,898**	**29,829,108**	**34,196,232**

Five year financial summary (Group)

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000

Statement of Comprehensive Income (Group)

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000
Fee income from operations	5,473,477	5,116,651	3,627,563	4,392,631	6,928,650
Interest income	2,561,913	2,706,196	1,660,077	2,694,700	2,526,691
Other operating income	128,842	67,596	48,538	44,586	20,472
Total income	**8,164,232**	**7,890,443**	**5,336,178**	**7,131,917**	**9,475,813**
Employee benefits expense	(6,460,767)	(5,759,407)	(6,112,209)	(7,864,063)	(5,004,534)
Depreciation and amortisation expens	(270,583)	(299,391)	(309,884)	(312,884)	(455,129)
Finance cost	-	-	(6,780)	(5,025)	-
Other operating expenses	(2,432,062)	(1,849,264)	(2,272,877)	(2,610,965)	(3,820,667)
Total expenditure	**(9,163,412)**	**(7,908,062)**	**(8,701,750)**	**(10,792,937)**	**(9,280,330)**
(Deficit)/surplus for the year	**(999,180)**	**(17,619)**	**(3,365,572)**	**(3,661,020)**	**195,483**
Other comprehensive income:					
Items that will not be reclassified to					
Remeasurement gains/ (loss) on defined benefit scheme	(12,522)	225,517	535,505	(548,700)	(269,024)
Other comprehensive income for the year	**(12,522)**	**225,517**	**535,505**	**(548,700)**	**(269,024)**
Total comprehensive (loss)/profit for the year	**(1,011,702)**	**207,898**	**(2,830,067)**	**(4,209,720)**	**(73,541)**

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2018
Five year financial summary (Commission)

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000
Assets					
Non-current assets					
Property and equipment	3,033,276	3,209,429	3,345,466	3,560,994	3,582,272
Intangible assets	76,463	97,869	30,058	14,390	29,808
Interest in structured entities	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Staff loans and other receivables	664,652	1,009,683	1,066,374	720,713	808,004
Investment securities	4,021,143	2,333,349	4,643,249	7,609,367	7,595,522
Prepayments	2,658,233	2,882,174	1,989,859	2,772,153	2,564,617
Retirement benefit assets	88,022	130,084	-	-	-
Total non-current assets	**25,541,788**	**24,662,588**	**26,075,006**	**29,677,617**	**29,580,223**
Current assets					
Staff loans and other receivables	174,729	204,816	1,085,880	657,883	292,765
Investment securities	14,886,346	5,373,035	13,779,957	-	3,666,617
Cash and bank balances	392,638	11,346,938	1,327,562	4,343,350	1,193,027
Total current assets	**15,453,713**	**16,924,789**	**16,193,399**	**5,001,233**	**5,152,409**
Total assets	**40,995,501**	**41,587,377**	**42,268,405**	**34,678,850**	**34,732,632**
Equity and liabilities					
Equity					
Capital grant	496,858	496,858	496,858	496,858	496,858
Capital reserve fund	447,676	447,676	447,676	447,676	447,676
Accumulated reserve fund	20,193,059	21,264,079	21,344,542	23,970,297	29,415,038
Total equity	**21,137,593**	**22,208,613**	**22,289,076**	**24,914,831**	**30,359,572**
Liabilities					
Non current liabilities					
Retirement benefit obligations	-	-	324,853	646,472	61,227
Total non-current liabilities	-	-	**324,853**	**646,472**	**61,227**
Current liabilities					
Sundry and other creditors	19,030,118	18,711,052	19,000,074	8,439,167	3,691,833
Provision and accruals	827,790	667,712	654,402	652,922	620,000
Finance lease	-	-	-	25,458	-
Total current liabilities	**19,857,908**	**19,378,764**	**19,654,476**	**9,117,547**	**4,311,833**
Total liabilities	**19,857,908**	**19,378,764**	**19,979,329**	**9,764,019**	**4,373,060**
Total equity and liabilities	**40,995,501**	**41,587,377**	**42,268,405**	**34,678,850**	**34,732,632**

Five year financial summary (Commission)

	31 December 2018 N '000	31 December 2017 N '000	31 December 2016 N '000	31 December 2015 N '000	31 December 2014 N '000
Statement of Comprehensive Income (Commission)					
Fee income from operations	5,473,477	5,116,651	3,627,563	4,392,631	6,928,650
Interest income	2,561,913	2,706,196	1,629,593	1,286,850	1,263,270
Other operating income	58,464	2,382	568	2,038	2,007
Total income	**8,093,854**	**7,825,229**	**5,257,724**	**5,681,519**	**8,193,927**
Employee benefits expense	(6,460,767)	(5,600,639)	(5,996,721)	(7,717,682)	(5,004,534)
Depreciation and amortisation expenses	(259,291)	(294,170)	(309,884)	(312,884)	(455,129)
Finance cost	-	-	(6,780)	(5,025)	-
Other operating expenses	(2,013,195)	(1,652,640)	(2,105,599)	(2,541,969)	(3,815,651)
Total expenditure	**(8,733,253)**	**(7,547,451)**	**(8,418,984)**	**(10,577,560)**	**(9,275,314)**
(Deficit)/surplus for the year	**(639,399)**	**277,778**	**(3,161,260)**	**(4,896,041)**	**(1,081,387)**
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement gains/(loss) on defined benefit scheme	(12,522)	225,517	535,505	(548,700)	(269,024)
Other comprehensive income for the year	**(12,522)**	**225,517**	**535,505**	**(548,700)**	**(269,024)**
Total comprehensive (loss)/profit for the year	**(651,921)**	**503,295**	**(2,625,755)**	**(5,444,741)**	**(1,350,411)**