

Annual Report & Accounts 2014



Securities & Exchange Commission

Vision Statement

To be
Africa's Leading
Capital Market Regulator.

Mission Statement

To develop and regulate a capital
market that is dynamic, fair,
transparent and efficient to
contribute to the nation's
economic development.



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SECTION 4

Annual Accounts



AT A GLANCE

- **Head Office:** Abuja, Nigeria
- **Seven Zonal Offices:** Lagos, Kano, Port Harcourt, Kaduna, Ibadan, Onitsha & Maiduguri
- **16 Departments**
- **599 Employees**

Who We Are

The Securities and Exchange Commission (The Commission) was established in 1979 as the apex regulatory body to **regulate** and **develop** the Nigerian capital market. It derives its mandate from the current enabling law, the Investments and Securities Act (ISA), No. 29, 2007.

Objectives

The Commission's objectives include:

- ensuring the existence of a stable, orderly, transparent, fair, efficient and viable market that protects investors and is internationally competitive;
- enforce the ISA, 2007, Rules & Regulations and Codes made pursuant thereto as well as other relevant laws.
- maintain zero tolerance for market abuses;
- develop and deepen the market by promoting the introduction of new products and processes;
- contribute to the nation's economic growth and development.

Vision Statement

To be Africa's leading capital market regulator.

Mission Statement

To develop and regulate a capital market that is dynamic, fair, transparent and efficient to contribute to the nation's economic development.

Brand Driver

...towards a world class market

Core Values

The Commission upholds the following core values:

- Transparency
- Integrity
- Proactiveness
- Fairness
- Excellence
- Accountability
- Teamwork



Strategic Goals

- To be a world-class regulator To achieve increased participation of both retail and institutional investors in the capital market through enhanced investor confidence.
- To contribute to the Federal Government's Transformation Agenda through improved processes, procedures and organizational culture.
- To leverage innovative technology for improved operational efficiency and market transformation.
- To achieve a diversified market with a variety of instruments.
- To attract, retain and enhance requisite human capacity.

Functions and Powers of the Commission

The Commission derives its powers from Section 13 of the Investments and Securities Act (ISA) No. 29, 2007, which provides as follows:

The Commission shall be the apex regulatory organization for the Nigerian capital market and shall carry out the functions and exercise all the powers prescribed in this Act and, in particular, shall-

- (a) regulate investments and securities

business in Nigeria as defined in this Act;

- (b) register and regulate securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and any other recognized investment exchange;
- (c) regulate all offers of securities of public companies and entities;
- (d) register securities of public companies;
- (e) render assistance as may be deemed necessary to promoters and investors wishing to establish securities exchanges and capital trade points;
- (f) prepare adequate guidelines and organize training programmes and disseminate information necessary for the establishment of securities exchanges and capital trade points;
- (g) register and regulate corporate and individual capital market operators defined in this Act;
- (h) register and regulate the working of venture capital funds and collect investments schemes in whatever form;
- (I) facilitate the establishment of a nationwide system for securities trading in the Nigerian capital market in order to protect investors and maintain fair and orderly markets;
- (j) facilitate the linking of all markets and securities with information and



- communication technology facilities;
- (k) act in the public interest having regard to the protection of investors and the maintenance of fair and orderly markets and to this end establish a nationwide trust scheme to compensate investors whose losses are not covered under the investors protection funds administered by securities exchanges and capital trade points;
 - (l) keep and maintain a register of foreign portfolio investments;
 - (m) register and regulate securities depository companies, clearing and settlement companies, custodians of assets and securities, credit rating agencies and such other agencies and intermediaries;
 - (n) protect the integrity of the securities market against all forms of abuses including insider dealing;
 - (o) promote and register self regulatory organisations including securities exchanges, capital trade points and capital market trade associations to which it may delegate its powers;
 - (p) review, approve and regulate mergers, acquisitions, takeovers and all forms of business combinations and affected transactions of all companies as defined in this Act;
 - (q) authorise and regulate cross-border securities transactions;
 - (r) call for information from and inspect, conduct inquiries and audit of securities exchanges, capital market operators, collective investment schemes and all other regulated entities;
 - (s) promote investors' education and the training of all categories of intermediaries in the securities industry;
 - (t) call for, or furnish to any person, such information as may be considered necessary by it for the efficient discharge of its functions;
 - (u) levy fees, penalties and administrative costs of proceedings or other charges on any person in relation to investments and securities business in Nigeria in accordance with the provisions of this Act;
 - (v) intervene in the management and control of capital market operators which it considers has failed, is failing or in crisis including entering into the premises and doing whatsoever the Commission deems necessary for the protection of investors;
 - (w) enter and seal up the premises of persons illegally carrying on capital market operations;
 - (x) in furtherance of its role of protecting the integrity of the securities market, seek judicial order to freeze the assets (including bank accounts) of any person whose assets were derived from the violation of this Act, or any

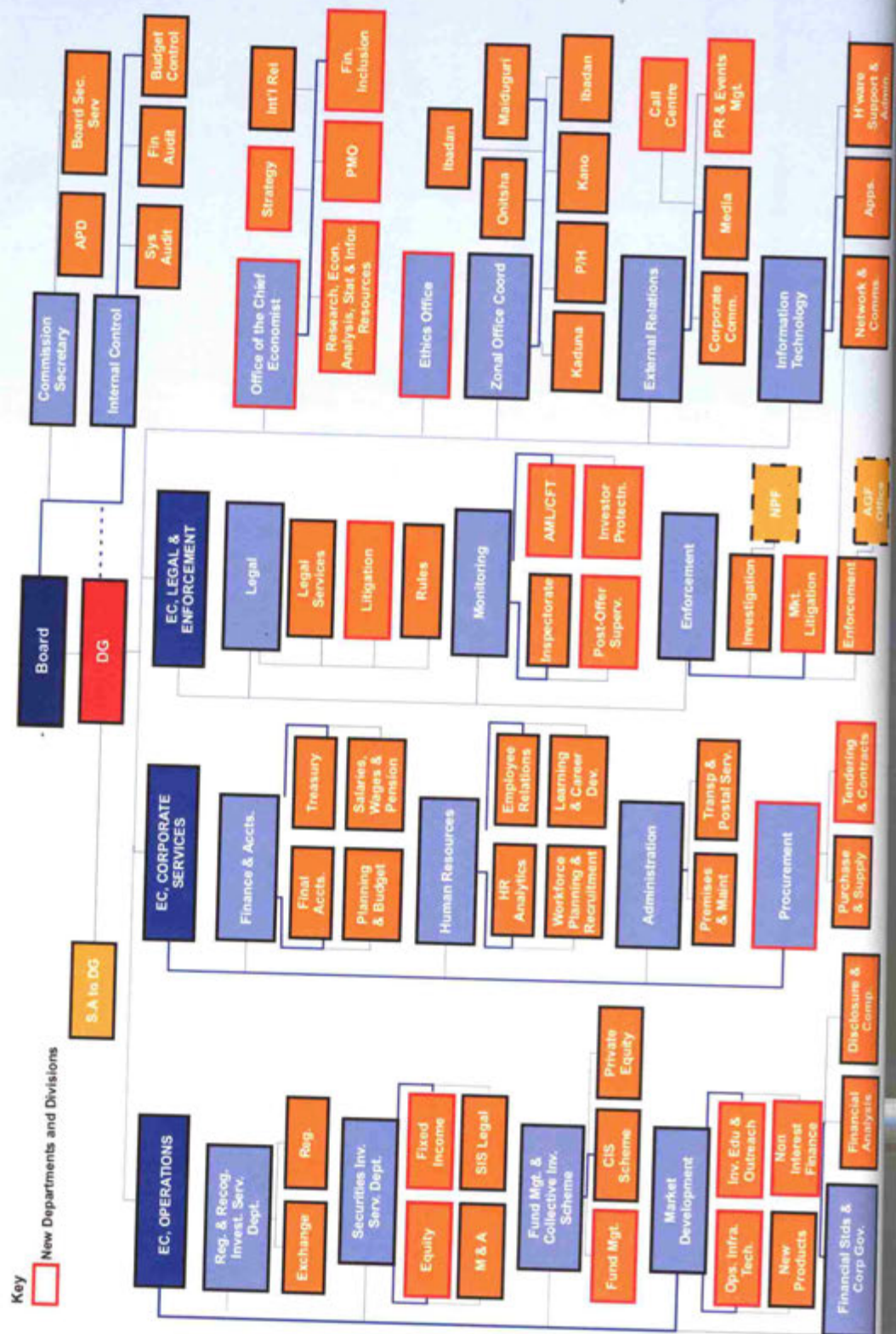


- securities law or regulation in Nigeria or other jurisdictions;
- (y) relate effectively with domestic and foreign regulators and supervisors of other financial institutions including entering into co-operative agreement on matters of common interest;
 - (z) conduct research into all or any aspect of the securities industry;
 - (aa) prevent fraudulent and unfair trade practices relating to the securities industry;
 - (bb) disqualify persons considered from being employed in any of the securities industry;
 - (cc) advise the Minister on all matters relating to the securities industry;
 - (dd) perform such other functions and exercise such other powers as may be necessary or expedient for giving effect to the provisions of this Act.



The Commission's structure consists of the Board, the office of the Director General and three Directorates headed by Executive Commissioners. The Board consists of the Chairman, Director General, three Executive Commissioners, two Non-executive Commissioners and a representative each from the Central Bank of Nigeria and the Federal Ministry of Finance.





I am delighted to present the 2014 Annual Report of the Commission

The Commission continued its reforms and initiatives to consolidate the recovery of the stock market. As expected, 2014 commenced with an impressive All-Share index of 41,329.19. The equities market opened on a buoyant note. The year looked even brighter and held more promises as the All Share Index peaked at 42,482.48 throughout the first half of the year. This could be partly attributed to the positive impacts of the nation's Gross Domestic Product (GDP) rebasing exercise conducted by the National Bureau of Statistics (NBS) which confirmed Nigeria as the largest economy in Africa.

A total of twenty nine (29) new issues were approved in 2014; twenty-one (21) of which were equity issues worth N347.39 billion. Other issues approved by the Commission were seven (7) corporate bonds worth N92.19 billion and two (2) sub-national bonds amounting to N21.30 billion. Thus, the total value of issues approved in 2014 stood at N460.88 billion. The Commission also registered the African Development Bank's \$1billion medium term notes programme and further efforts are being made towards developing the fixed income market. Whilst the primary market fared better in 2013 in terms of number of new issues with a 6.45% decrease, the year under review shows 68.06% increase in

value of new issues.

During the year under review, the Commission handled a total of 1,066 complaints out of which 388 were new complaints. A total of 573 were resolved (an improvement over the 415 resolved cases in 2013), whilst 82 were referred for enforcement actions. The total sum recovered for investors through the complaints management framework was in the tune of N2, 360, 501, 339.48 which is an improvement on the N597, 033, 448.98 recovered in 2013.

In April 2014, the market witnessed the initial public offerings and dual listings of Seplat Petroleum Company Plc's shares on the Nigerian Stock Exchange (NSE) and London Stock Exchange (LSE) in what signaled the emergence of major indigenous players in the Nigerian oil and gas industry in the capital market. Also, in the year under review, the Nigerian Stock Exchange (NSE) became a full member of the World Federation of Exchanges (WFE) and the first African Stock Exchange to join the International Surveillance Group (ISG). In a bid to engender market integrity and create a conducive environment for market development, the Commission amended some rules and introduced new ones in 2014. These include the rules on Foreign Collective Investment Schemes, Infrastructure Funds, Complaint



Management Framework, Funding of the Investments and Securities Tribunal (IST) from the secondary market amongst others. Some sundry amendments included Rule on Take-over Bids pursuant to Section 131 of the ISA, amendment on rule on Securities Lending and Borrowing, amendment to the Code of Corporate Governance for Public Companies, amongst various others.

As part of efforts made towards engendering investor confidence, the Commission reiterated the need for accountability and transparency as core pillars of corporate governance by directing that any document prepared by auditors on behalf of capital market operators must be personally signed by a named auditor or partner as against the present practice of stamping the name of the audit firm on the document: The aim of the directive is to ensure the reliability of financial reports and other disclosure documents as well as to bring financial reporting in Nigeria in line with international best practices.

In addition to increasing public awareness about market and other regulatory activities, the Commission also cracked down on unauthorised operators as a way of protecting unsuspecting investors and the integrity of the market.

In 2014, through the platform of the Capital Market Committee (CMC), a 10-year Strategy was crafted to position the capital market for growth. The 10-year Capital

Market Master Plan details the market growth strategy for the next 10 years leading to 2025. In line with global best practice, the strategic plan also seeks to develop capital market literacy and introduce interest capital market products.

The upward momentum experienced in the equities market earlier in the year was however transient as the year was marked by several macroeconomic factors. These included the devaluation of the Naira, unfavourable developments in the global economy especially precipitous drop in crude oil prices, Quantitative Easing policy of the US Federal Reserve Tapering which had liquidity reversal effect on frontier & emerging markets and capital market's sensitivity during electioneering periods.

These factors have weighed heavily on investor confidence thereby triggering portfolio outflows as evident in the bearish trend witnessed in the Nigerian stock market during the last quarter of 2014. Thus, unlike the year 2013, year 2014 seems to have ended on a not too inspiring note for the market. However, in the course of the year 2015, we expect the bearish sentiments in the market to subside and the market to rebound. The International Monetary Fund (IMF) is forecasting a 5.0% GDP growth for Nigeria in 2015. The Commission remains focused and committed to promoting an efficient and transparent capital market with strong hope that the federal policies



economic diversification, infrastructural development and electricity reform will bring the much desired respite and resultant growth for our capital market.

Mal. Suleyman .A. Ndanusa, OON
Chairman Securities and Exchange
Commission



Mal. Suleyman .A. Ndanusa, OON
Chairman Securities and Exchange Commission



2014 was a year of mixed fortunes for the Nigerian capital market. Following an impressive second consecutive year in which the Nigerian stock market featured among the 10 best performing in the world, market capitalization of listed equities reached an all-time high of N14.2 trillion only to close the year at N11.5 trillion. In spite of the headwinds that brought about this decline, the Securities and Exchange Commission (SEC) continues to lead the market's transformation to world class and enable it to catalyze Nigeria's socio-economic advancement. I have the honour to present the 2014 edition of our annual report which outlines the SEC's financial position, our initiatives during the year, the milestones recorded, and the performance of our market, as well as the prospects for 2015 and beyond.

International and Domestic Macroeconomic Environment

The global economy showed stronger signs of recovery in 2014 bolstered by resurgence in important developed economies like the United States, United Kingdom and Canada. Lingering concerns however still trailed the Eurozone debt crisis and slowdown in major emerging markets. This watered down optimism, leading to falling energy demands in the midst of increased global supply from traditional importers of crude oil.

Declining crude oil prices therefore became

the defining factor throughout the second half of 2014 in Nigeria. This necessitated a 8 percent devaluation of the Naira in addition to other measures to tame money supply, tame inflation and contain the depletion of the Nation's foreign reserves. Uncertainties around the general elections further accentuated concerns which negatively impacted investor sentiment.

Performance of Market Segments

The Bond Market

In complete contrast to the impressive foreign interest our bond market attracted in 2013, there was a net outflow of foreign portfolio investments from the domestic bond market in 2014. This did little to dampen interest from issuers however. 2 State governments successfully raised about N200 billion during the year from the bond market. This is in addition to the 30 issues of FGN bonds by the Debt Management Office valued at about N950 billion over the same period.

The Equities Market

In April 2014, we approved the historic listing of Seplat Petroleum Development Company, an indigenous upstream oil company on the London Stock Exchange (LSE) and the Nigerian Stock Exchange (NSE). This was the largest initial public offering in Africa for 2014 valued at \$1.9 billion which revived hope of a revival in the African IPO market.



The secondary segment of the equities market succumbed to macroeconomic as well as geopolitical headwinds to close the year 16 percent lower than its level at the end of 2013. The All Share Index (ASI) of the NSE closed the year at **34,657.15 points**. Only two of the eight sector indices appreciated during the year with the NSE-ASeM and NSE Oil/Gas appreciating by 26.09% and 11.8% respectively.

Collective Investment Schemes

Collective Investment Schemes (CIS) outperformed the market in 2014 closing at aggregate net asset value (NAV) of N176 billion, a 14 percent appreciation compared to the 16 percent depreciation of market indices. The fund management landscape in Nigeria continues to be more professionalized supported by the SEC's drive to expand access to its wealth creation potential to all Nigerians.

Prospects for 2015 and Beyond

To consolidate the reforms we started in 2010 and provide a clearer path for the capital market going forward we launched comprehensive 10-year master plans for financial literacy, non-interest capital market products and the entire capital market in 2014. These strategy documents will form the reference document for the SEC and the capital market community in the quest to develop world class capital markets in Nigeria.

The SEC shall continue to lead the capital market community within the framework of

the capital market committee (CMC) to fashion out ways to lead the Nigerian capital market to the next level.

I specially commend the efforts of staff of SEC and other market participants in this journey to world class. Together we are bequeathing to Nigeria a stronger, deeper and more prepared capital market that will catalyze Nigeria's socioeconomic development.

Ms. Arunma Oteh
Director-General
Securities and Exchange Commission

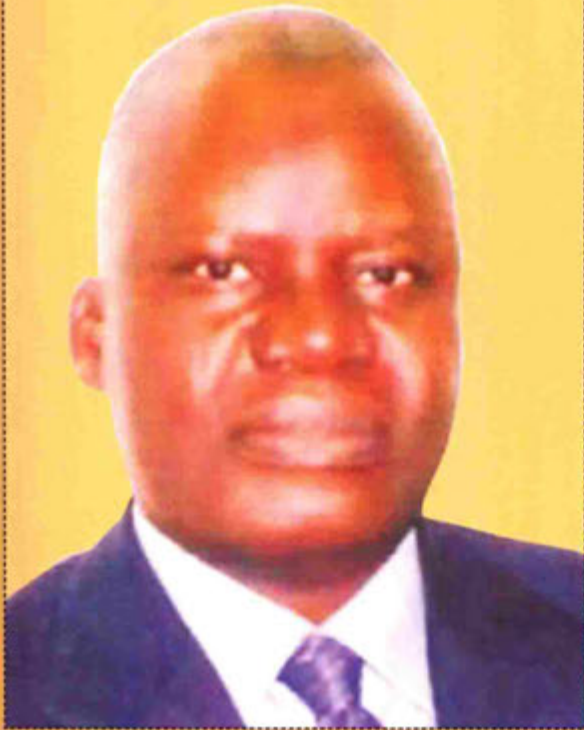


Arunma Oteh
Director General



OUR PEOPLE





Mal. Suleyman Abdu Ndanusa, OON
Chairman



Ms Arunma Oteh, OON
Director General



Rt. Hon. Zakawanu I. Garuba
Executive Commissioner, Fin. & Admin.



Mr. Mounir H. Gwarzo
Executive Commissioner, Operations





Mrs Sa'adatu M. Bello
Executive Commissioner, Legal
& Enforcement



Mrs Adefunke Abiodun
Non-Executive Commissioner



Mr. Ugochukwu Ikemba
Non-Executive Commissioner



Mr. Dr. Kingsley C. Moghalu
Rep. Central Bank of Nigeria



Mrs. A. M. Daniel-Nwaobia
Rep. Federal Ministry of Finance



Mr. Edosa Kennedy Aigbekaen
Secretary to the Commission





Ms Arunma Oteh, OON
Director General



Mr. Mounir H. Gwarzo
Executive Commissioner, Operations



Rt. Hon. Zakawanu I. Garuba
Executive Commissioner, Fin. & Admin.



Mrs Sa'adatu M. Bello
Executive Commissioner, Legal
& Enforcement

**HEADS OF
DEPARTMENTS**





Mr Edosa Kennedy Aigbekaen
Secretary to the Commission
HOD, Legal Department



Mr Moses Isiaku
(Deceased) Director, Registration and Recognized &
Investment Exchanges (RRIE)



Mr Abdul Zubairu
Director/Coordinator, Zonal Offices



Mr Abatcha Bulama
Director, Finance & Accounts





Mr Omotayo Adeleke
Director, Internal Control



Mrs Louisa Eni-Umukoro
Director, Securities & Investments Services
(SIS)/Chief Economist



Ms Mary Uduk
Director, Financial Standards &
Corporate Governance (FS&CG)



Mr. I.B Tilde
HOD, Monitoring





Mrs Maryam Sallau
HOD, Human Resources



Mr Eric M. Elujekor
HOD, Enforcement



Mr Henry Rowland
HOD, Information Technology
(IT)/Ext. Relations



Mr Edward. Okolo
HOD, Fund Management & Collective
Investment Schemes (FM&CIS)





Mrs Anastasia Braimoh
HOD, Legal/Procurement



Mr Andrew Tenmang
HOD, Administration



Mrs U. N. Molokwu
Head, Lagos Zonal Office

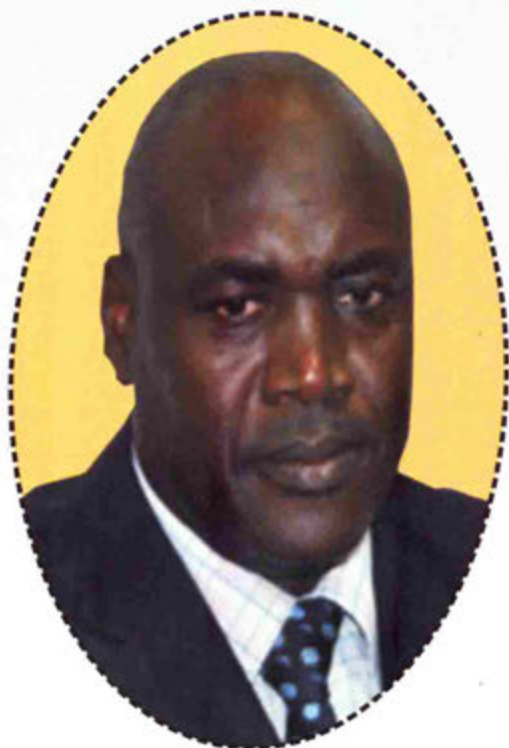


Mr Shaka Braimah
Head, Ibadan Zonal Office





Mr B. E. Archibong
Head, Onitsha Zonal Office



Mr Ismaila Ville
Head, Port Harcourt Zonal Office



Mr Hussein Dauda
Head, Kaduna Zonal Office



Mr Adamu Sambo
Head, Kano Zonal Office



STAFF SUMMARY

The Commission's staff strength as at 31 December, 2014:

Number of Staff according to cadre

S/N	Categories of Staff	Number
1.	Senior Staff	465
2.	Junior staff	134
	Total	599



SECTION 2 OPERATIONS



The equities market recorded a steady increase during the first half of 2014, with the All-Share index rising from 41,329.19 points to peak at 42,482.48 points in June 2014. This growth was however eroded with the All Share index closing at 34,657.14 points as at 31 December, 2014. This represents a decline of 16.14% when compared to its value in the previous year. See chart 1.

Foreign participation remained strong throughout the year with significant increase noted in recorded transactions towards the end of the year. From an

almost equal split in January 2014 of 49.28% to 50.72% in the order foreign: local, transactions dramatically shifted to 80.92% to 19.08% in favour of foreign participation in November 2014 and ended in a 48.24% to 51.76% split following a rebound of domestic transactions in December. An increase of 41.83% was recorded as total transactions at the nation's bourse rose from N181.97 billion in January 2014 to N258.08 billion in December 2014.

NSE All Share Index Trend

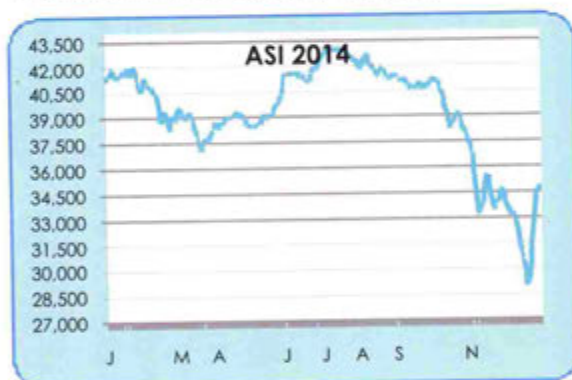
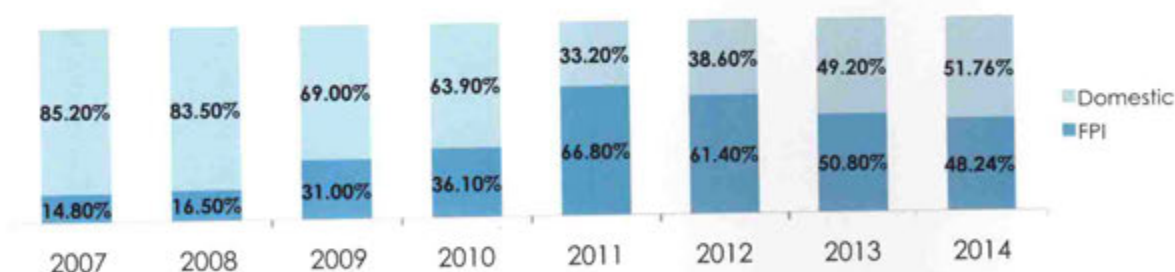


Chart 2: Domestic Vs Foreign Participation in the Nigerian Capital Market (2007 - 2014)



Source: NSE



The value of equity and debt securities floated in 2014 increased as compared to 2013. Most remarkable was the 771.36% increase in the value of corporate bonds floated by seven private institutions (more than twice the number of corporate organizations which patronized the capital market in 2013).

The Commission approved a total of twenty nine (29) new issues in 2014. Twenty (20) of

these were equity issues worth N347.39 billion, while nine (9) were bonds worth N113.49 billion. Thus, the total value of approved issues in 2014 stood at N460.88 billion.

The Debt Management Office (DMO) issued a total of thirty (30) bonds valued at N947.11 billion in 2014 compared to 31 FGN bonds worth N898.34 billion recorded in 2013. This excludes non-competitive allotments.

SUMMARY OF NEW ISSUES IN 2013 AND 2014 BY TYPE OF OFFER

Mode of Offer	Number of Issues		% Change	Value of Issues (N'm)		% Change
	2014	2013		2014	2013	
IPO	2	2	-	96,485.30	1,650.00*	5,747.59
Rights	10	9	11.11%	199,991.76	34,813.55	474.47
Private Placement	6	10	-40	48,220.96	89,294.58	-46
Debt to Equity	2	-	-	2,693.19	-	-
TOTAL EQUITIES:	20	21	-4.76	347,391.21	125,758.13	176.24
Corporate Bonds	7	3	133.33	92,190.00	10,580.00	771.36
Sub-national Bonds	2	5	-60	21,300.00	114,500.00	-81.4
Supra-national Bonds	-	1	-	-	12,000.00	-
Sukuk	-	1	-	-	11,400.00	-
FGN Bonds*	30	31	-3.23	947,110.00	898,342.40	5.43
TOTAL DEBT SECURITIES:	39	41	-4.88	1,060,600.00	1,046,822.40	1.32
OVERALL	59	62	-4.84	1,407,991.21	1,172,580.53	20.08

Source: SEC, *Amount allotted by Debt Management Office (DMO) exclusive of bonds allotted on a non-competitive basis.

* This is the value of only one IPO, as the second one was aborted.



Table 2 below shows details of equities approved by the Commission in 2014 while table 3 captures details of corporate and sub-national bonds approved in the same period.

Table 2: EQUITIES APPROVED IN 2014

Issuer	Issue Type	Offer Price	Volume	Value(N)	Approved Date
Infrastructure Bank Plc	Private placement	1.00	700,459,670	700,459,670.00	10/2/2014
Evan Medical Plc	Right	2.50	486,472,800.00	1,216,182,000.00	13/3/2014
Seplat Petroleum Development Company Plc	Global Equity Offering	576.00	153,620,313.00	88,485,300,288.00	27/3/2014
Unity Bank	Right	0.50	38,446,689,710.00	19,223,344,855.00	23/4/2014
Unity Bank	Private placement	0.50	40,000,000,000.00	20,000,000,000.00	23/4/2014
Champion Breweries Plc	Right	1.85	6,300,000,000.00	11,655,000,000.00	9/7/2014
Diamond Bank Plc	Right	5.80	8,685,145,863.00	50,373,846,005.40	17/7/2014
Resourcery Plc	Private placement	0.80	812,500,000.00	650,000,000.00	23/7/2014
Union Dicon Salt Plc	Private placement	0.50	41,000,000.00	20,500,000.00	11/8/2014
Nigeria Mortgage Refinance Company Plc	Private placement	4.00	1,762,500,000.00	7,050,000,000.00	8/9/2014
Transcorp Hotels Plc	Public Offering	10.00	800,000,000.00	8,000,000,000.00	8/9/2014
Nexans Kabemetal Nigeria Plc	Debt to Equity	2.20	48,035,845.00	105,678,859.00	30/9/2014



Issuer	Issue Type	Offer Price	Volume	Value(N)	Approved Date
Oando Plc	Debt to Equity Conversion	12.00	215,626,000.00	2,587,512,000.00	31/10/2014
Oando Plc	Rights Issue	16.50	2,956,353,579	48,779,834,053.50	6/11/2014
Prestige Assurance Plc	Rights Issue	0.50	3,009,978,524	1,504,989,262.00	26/11/2014
Pharma-Deko Plc	Right Issue	1.80	150,000,000	270,000,000.00	17/11/2014
Sterling Bank Plc	Special Placement	2.65	7,471,698,113	19,799,999,999.45	22/12/14
Sovereign Trust Insurance Plc	Rights Issue	0.50	2,290,585,798	1,145,292,899.00	4/12/2014
Access Bank Plc	Right	6.90	7,627,639,636	52,630,713,488.40	30/12/2014
United Bank for Africa Plc	Right	4.00	3,298,138,756	13,192,555,024.00	24/12/2014
Oando Plc	Rights Issue	16.50	2,956,353,579	48,779,834,053.50	6/11/2014
Total			125,256,444,607	347,391,208,403.75	



Table 3: CORPORATE AND SUB-NATIONAL BONDS APPROVED IN 2014

Issuer	Issue Type	Offer Price	Volume	Value(N)	Approved Date
Dana Group of Company Plc	Corporate bond	1,000.00	4,500,000	4,500,000,000	28/3/2014
African Development Bank	Corporate bond	1,000.00	12,950,000	12,950,000,000	6/6/2014
Resourcery Plc	Corporate bond (Debenture note)	1,000.00	700,000	700,000,000.00	23/7/2014
Stanbic IBTC Bank Plc	Structured Note Program shelf prospectus	1,000.00	15,540,000	15,540,000,000.00	19/9/2014
Fidson Healthcare Plc	Fixed rate bond	1,000.00	2,000,000	2,000,000,000.00	29/9/2014
First City Monument Bank Ltd.	Corporate bond	1,000.00	26,000,000	26,000,000,000.00	17/10/2014
Bauchi State Govt.	Debt Issuance programme	1,000.00	15,000,000	15,000,000,000.00	5/11/2014
UBA Plc	Fixed rate bond	1,000.00	30,500,000	30,500,000,000.00	24/12/2014
Kaduna State Govt Bond	Debt Issuance programme	1,000.00	6,300,000	6,300,000,000.00	11/12/2014
Total			113,490,000	113,490,000,000.00	



A total of 108.47 billion units of securities worth N1.34 trillion exchanged hands on the floor of the Exchange in 2014 compared to 106.54 million securities valued at N1.04

trillion in 2013. The volume and value of transactions increased* by 1.81% and 28.27% respectively.

Table 5: Comparative Trading Statistics for 2013 and 2014

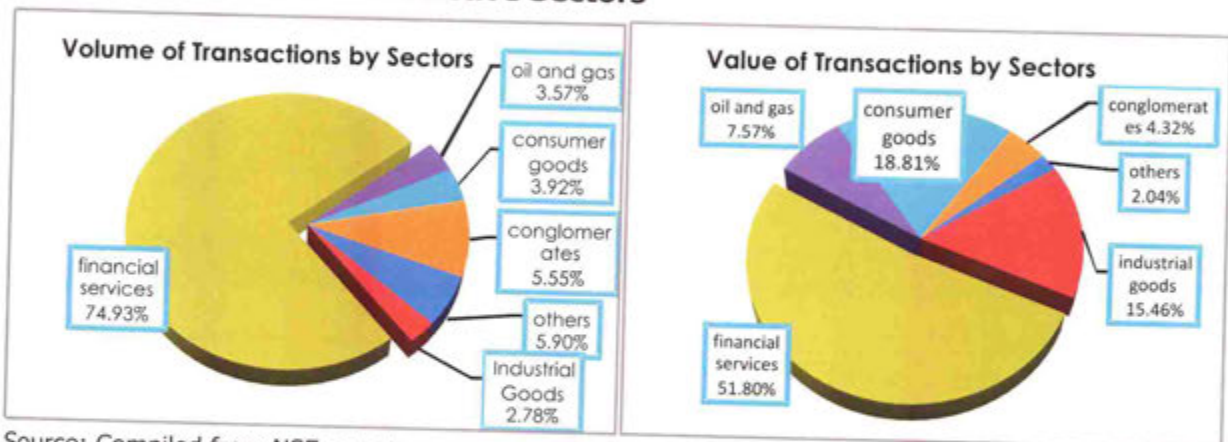
Securities	2014		2013	
	Volume	Value (Naira)	Volume	Value (Naira)
FGN Bonds	317,963	343,850,844.51	194,970	203,072,581.10
Exchange Traded Funds	19,745,911	325,643,303.91	48,214	105,912,235.30
Equities	108,452,444,493	1,337,954,820,130.24	106,539,868,178	1,043,314,542,546.28
Total	108,472,508,367	1,338,624,314,278.66	106,540,111,362	1,043,623,527,362.70

Source: Compiled from NSE reports

The number of listed securities and total market capitalization stood at 253 and N16.88 trillion respectively, compared to

254 N19.08 trillion in 2013. This represents a decrease of 0.39% and 11.54% respectively.

Chart 3: Turnover of Most Active Sectors



Source: Compiled from NSE reports



LISTING AND DELISTING

While three (3) equities, Seplat Petroleum Development Company Ltd, Caverton Offshore Support Group Plc, and Omoluabi Savings and Loans Plc were listed during the year, the Nigerian Stock Exchange delisted four (4) equities, namely: Afroil Plc, Big Treat Plc, Pinnacle Point Group Plc, and Starcomms Plc. Hence the number of equities declined from 198 in 2013 to 197 in 2014. Three (3) new

ETFs were also admitted to trade on the Nigerian Stock Exchange in 2014 namely: Vetiva Griffin 30, Lotus Halal Equity ETF, and STANBIC IBTC ETF 30, thus bringing the number of listed ETFs to four (4). For debt securities, a total of three (3) corporate bonds, four (4) Sub-national bonds, and one (1) FGN bond were listed in the course of the year.

In 2014, the total number of listed securities were 253 comprising 197 equities, 52 debt securities and 4 ETFs.

LISTED AND DELISTED EQUITIES IN 2014

S/N	Listings
1	Seplat Petroleum Development Company Ltd
2	Caverton Offshore Support Group Plc
3	Omoluabi Savings and Loans Plc
S/N	Delistings
1	Afroil Plc
2	Big Treat Plc
3	Pinnacle Point Group Plc
4	Starcomms Plc

Source: NSE

LISTED ETFs IN 2014

S/N	Listings
1	Vetiva Griffin 30
2	Lotus Halal Equity ETF
3	STANBIC IBTC ETF 30

Source: NSE



LISTED DEBT SECURITIES IN 2014

S/N	Listings
Corporate Bonds	
1	15.75% La Casera Company Plc Bond – Series 1
2	Nigerian Aviation Handling Company Plc Bond – series 2 -2020
3	16% Dana Group of Companies Plc Bond - 2019
Sub-national Bonds	
1	15.0% Kogi State Bond – Series 1 -2020
2	14.0% Niger State Bond – Series 1 -2018
3	14.50% Ekiti State Bond –Tranche 2 -2020
4	15.0% Nasarawa State Bond -2021
FGN Bonds	
1	12.1493% FGN JULY 2034

Source: NSE



Market Capitalization by Sector as at December 2014

Sector	Listed Securities	Market Capitalization (Naira)	% Of Total Capitalization
ASem			
Construction/Real Estate	1	49,950,000.00	0.00%
Consumer Goods	2	328,790,295.80	0.00%
Financial Services	1	4,600,000,000.00	0.03%
Healthcare	1	12,449,425.00	0.00%
Industrial Goods	1	203,758,557.50	0.00%
Oil & Gas	4	3,028,212,266.50	0.02%
Services	1	349,833,757.00	0.00%
Sub-total	11	8,572,994,301.80	0.05%
MAIN BOARD			
Agriculture	5	54,852,817,173.04	0.33%
Conglomerates	6	200,892,189,078.11	1.19%
Construction/Real Estate	10	158,741,751,604.52	0.94%
Consumer Goods	26	3,112,978,314,345.78	18.45%
Financial Services	58	3,215,785,938,881.21	19.06%
Healthcare	10	62,660,093,603.44	0.37%
ICT	12	76,550,755,906.15	0.45%



Sector	Listed Securities	Market Capitalization (Naira)	% Of Total Capitalization
Industrial Goods	23	3,769,305,572,440.05	22.34%
Natural Resources	5	7,452,662,791.63	0.04%
Oil & Gas	10	752,024,717,480.34	4.46%
Services	21	66,416,361,182.77	0.39%
Sub-total	186	11,477,661,174,487.00	68.02%
EQUITY (TOTAL)	197	11,486,234,168,788.80	68.07%
ETFs	4	4,520,358,000.00	0.03%
ETF (Total)	4	4,520,358,000.00	0.03%
DEBT SECURITIES			
Federal Government Bonds	15	4,702,719,451,583.28	27.87%
Sub-National Bonds	19	524,670,822,400.00	3.11%
Corporate Bonds/Debentures	17	144,957,900,237.50	0.86%
Supra-national Bond	1	12,000,000,000.00	0.07%
DEBT (TOTAL)	52	5,384,348,174,220.78	31.91%
OVERALL	253	16,875,102,701,009.60	100.00%

Source: NSE



The Commission registered five (5) Unit Trust Schemes, two (2) Exchange Traded Funds, two (2) foreign schemes, one (1) Real Estate Investment Scheme (REITs) and one (1) Private Equity Fund in 2014. Four (4) unit trust schemes were consolidated and two (2) erstwhile moribund funds were transferred to new fund managers while approval was granted for the restructuring of one (1) fund.

In 2014, there were fifty two (52) operational registered Unit Trust Schemes and four (4) Exchange Traded Funds with a total Net Asset Value (NAV) of N173.08 billion and market capitalization of N4.43 billion respectively. The total Asset under Management (AuM) of the Private Equity Fund stood at N7.7 billion for the same period.

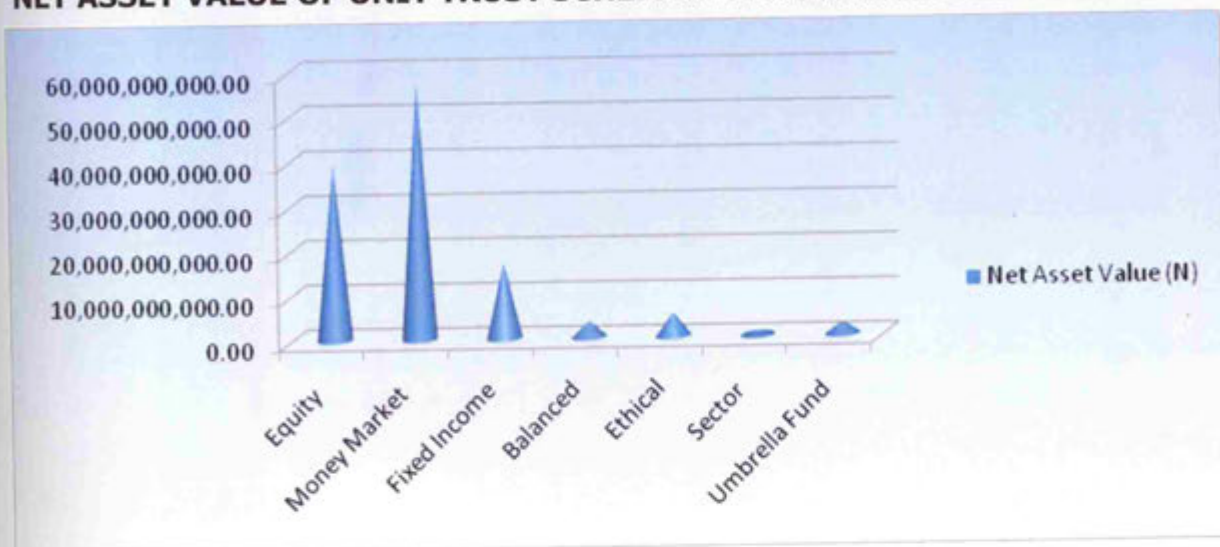
REGISTERED COLLECTIVE INVESTMENT SCHEMES IN 2014

UNIT TRUST		
BY CLASSIFICATION	Number	Net Asset Value (N)
Equity	18	39,552,659,876.42
Money Market	5	57,507,578,774.55
Fixed Income	10	17,181,038,721.90
Balanced	7	3,609,127,695.86
Ethical	5	5,228,154,431.78
Sector	1	922,571,337.18
Umbrella Fund	1 (3 sub funds)	2,704,492,172.04
Total	49	126,705,623,009.73
REAL ESTATE INVESTMENT SCHEMES FUND		
	Number	NAV
REIT	3	46,369,996,674.42
EXCHANGE TRADED FUND		
Funds	Number	Market Capitalization (N)
ETFs	4	4,425,808,100.00
PRIVATE EQUITY FUND		
Private Equity Fund with AuM of N7,743,043,801.00		

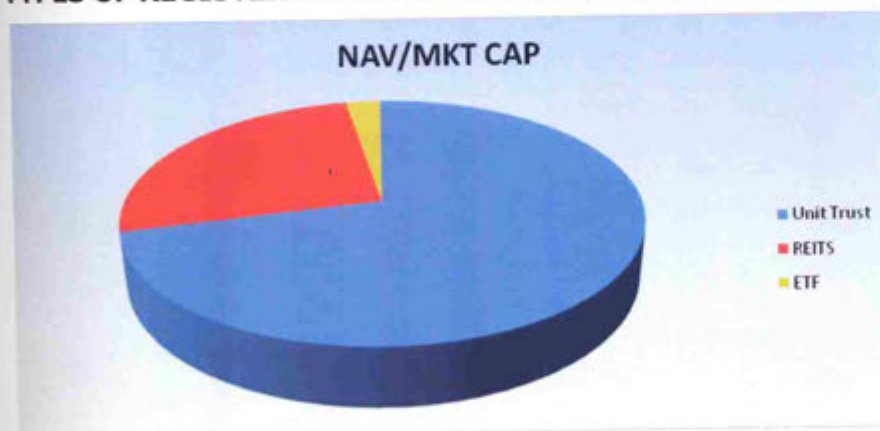




NET ASSET VALUE OF UNIT TRUST SCHEMES BY CLASSIFICATION IN 2014



TYPES OF REGISTERED COLLECTIVE INVESTMENT SCHEMES IN 2014



MERGED FUNDS DURING THE YEAR

1. Chapel Hill Denham Millennium Fund and Nigeria International Growth Fund
2. Indo Nigeria Unit Trust Fund and Frontier Fund.

FUNDS TRANSFERRED TO A NEW MANAGEMENT

1. MBA mutual Fund: transferred to AIICO

Asset Management Ltd.

2. Abacus mutual Fund: transferred to Investment One Asset Management Ltd.

FUNDS UNDER TERMINATION

1. Gloria Unit Trust
2. DVCF Oil and Gas Sector Fund.



SCHEMES AUTHORISED IN 2014

Eight (8) Schemes were authorised in 2014, as follows:

S/ N	NAME OF FUND	TYPE OF SCHEME	FUND MANAGER
1.	DV Balanced Fund	Unit Trust	Vetiva Fund Managers limited
2.	PACAM Balanced Fund	Unit Trust	Pac Asset Management Limited
3.	Lotus Halal Equity ETF	ETF	Lotus Capital Ltd
4	IPRO African Market Leaders Fund	Foreign Scheme	Vetiva Capital Management Ltd (Nigerian representative)
5	Allan Gray Equity Fund	Foreign Scheme	Allan Gray Investment Mgt Ltd
6	SFS Fixed Income Fund	Unit Trust	SFS Capital Nigeria Limited
7	Stanbic IBTC ETF 30	ETF	Stanbic IBTC Asset Mgt Ltd
8	HMK REITS	REITS	FSDH Asset Mgt Ltd

Review of activities of Fund Managers

In 2014, the Quarterly Returns and Audited Annual Accounts of 91 Fund Managers were reviewed. The following were some of the observations made

1. Capital Inadequacy
2. Liquidity Risks
3. Inter related party transactions
4. Irregularities in Financial Reporting



Overview of Fund/Portfolio Management Operations

An overview of Fund/Portfolio management is shown below:

I. Fund Managers Clients' Portfolio Distribution Structure:

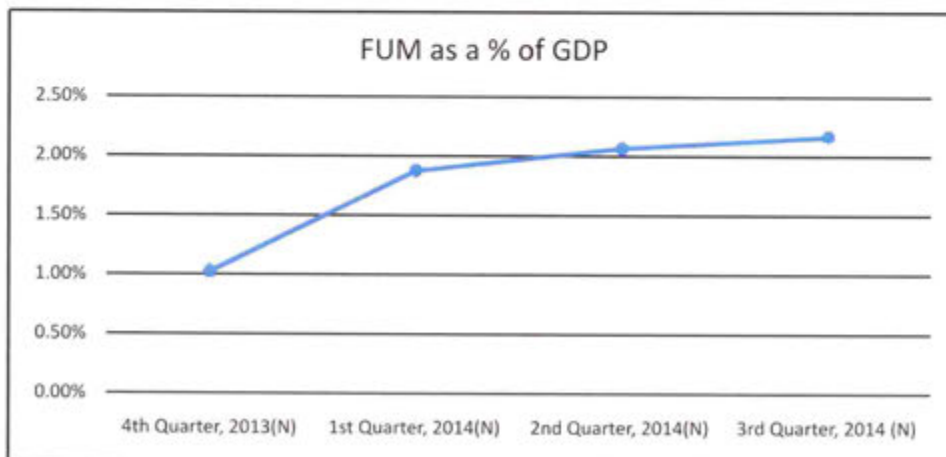
Clients' Portfolio distribution for the sector, show a 3 quarter average of 61% of total investment assets arising from Institutional clients and 39% from retail clients. Investment assets of institutional investors grew by 16.1% compared to 12.3% growth for retail clients.

Table 1

S/N	Client Type	Aggregate Investment Asset Value of Funds Under Mgt			% Proportion to Total Investment Asset Value of Funds under Mgt.			
		Qtr 1 2014 N 000	Qtr 2 2014 N 000	Qtr 3 2014 N 000	Qtr 1 2014 %	Qtr 2 2014 %	Qtr 3 2014 %	Average
1.	Retail Client	154,331,248,146.06	167,543,972,433.61	194,670,051,458.58	40.6%	37.2%	39.06%	38.9%
2.	Institutional Investors	225,436,644,028.69	282,618,980,946.96	303,762,689,140.56	59.4%	62.8%	60.94	61.1 %
3.	Total	379,770,892,174.75	450,162,953,380.58	498,432,740,599.15	100%	100%	100%	100%

Table 2: FUNDS UNDER MANAGEMENT AS A % OF GDP

		4th Quarter, 2013(N)	1st Quarter, 2014(N)	2nd Quarter, 2014(N)	3rd Quarter, 2014 (N)
1.	Nominal GDP	21,401,519,780,000.00	20,169,778,040,000.00	21,734,829,860,000.00	22,933,144,010,000.00
2.	Total Value of Investment Assets of Funds Under Management (IAFUM)	220,305,927,306.13	379,770,892,176.15	450,162,953,395.49	498,432,740,599.10
3.	% Change in Total Investment Assets of Funds Under Management (IAFUM)		72.4%	18.53%	10.72%
4.	% Growth rate in TFUM as a Geometric mean			42.95%	31.3%
5.	IAFUM as a % of GDP	1.03%	1.88%	2.07%	2.17%



MERGERS

- Fresh Applications received in 2014 3
- Pending applications from 2013 4
- Approved applications in 2014 3

ACQUISITIONS

- Fresh Applications received in 2014 19
- Pending applications from 2013 10
- Approved Applications 21

TAKEOVERS

- Fresh Applications received in 2014 3

RESTRUCTURING

- Fresh Applications received in 2014 9
- Pending applications from 2013 3
- Approved Applications 7

MERGERS**Fresh Application received in 2014**

1. Nigerian Breweries Plc and Consolidated Breweries Plc.
2. Expatcare Health International Limited and Capex Medicare Limited.
3. Femi Johnson Limited & Insurance Brokers of Nigeria limited.

Pending Applications from 2013

1. Baker Hughes Company Ltd and BJ Services company Nig. Ltd. (Two Nigerian subsidiaries of Baker Hughes

Incorporated)

2. United Mortgage Ltd and Mortgage Plc.
3. Afriland Properties Plc and H Estate Limited.
4. Planet Capital Limited, E Capital Limited and Stra Arbitrage Limited

Approved Mergers Transaction for 2014

1. Afriland Properties Plc and H Real Estate Limited.
2. Planet Capital Limited, Emerg Capital Limited and Strategy Arbitrage Limited.
3. Nigerian Breweries Plc and Consolidated Breweries Plc.

ACQUISITIONS**Pending Acquisitions from 2013**

1. Proposed acquisition of 40% ordinary shares (83.73% eq Fleet technologies by A Investment.
2. Proposed acquisition of 60% ordinary shares (100% eq ACEN Insurance Company Sovereign Trust Insurance Plc
3. Proposed Acquisition of 100% shareholding in Marina Stock Services Limited by Ass Discount House Limited.



4. Application for Management Buy-Out of IEI Assets limited and TMC Savings & Loans Ltd.
 5. Acquisition of 5,000,000,000 ordinary shares (100% equity) by Kaizen Partners Nigeria in Diamond Capital and Financial Markets Limited and Diamond Securities Ltd
 6. Acquisition of 5,000,000 ordinary shares (100% equity) in Philips Oil Company Ltd, Conoco Exploration & Production Nigeria Ltd and Philips Deepwater Exploration Nigeria Ltd) by Oando Energy Resources.
 7. Acquisition of 2,500,000 Ordinary shares(100% Equity) in FINBANK Insurance Brokers Limited by Oriental Capital Asset Management Limited.
 8. Acquisition of 3,171,698,774 Ordinary shares (96.11% Equity) in FIN Insurance by Capital Alliance Private Equity III Limited.
 9. Acquisition of 2,500,000,000 Ordinary shares (100% equity) in FinBank Capital Ltd by Quad Capital Ltd .
 10. Acquisition of 334,625,173 ordinary shares (94.7% equity stake) of Independent Securities Ltd by Butterpot Capital Limited
- Company Limited and Eligible Securities Limited by HBCL Investments Services Limited.
2. Acquisition of 1,914,339,368 ordinary shares (51% Equity) stake in Glassforce Limited by Consol Glass Proprietary Ltd.
 3. Acquisition of 6,250,000,001 ordinary shares (100% Equity stake) in Mainstreet Bank Ltd by Sky bank Plc.
 4. Acquisition of 658,300,000 ordinary shares (45.4% Equity) in Zenith General Insurance Ltd. from Zenith bank Plc by Veritas Registrars Ltd.
 5. Acquisition of 800,000,000 ordinary shares (100% Equity stake) in Union Capital Markets Ltd by Stacap Ltd.
 6. Acquisition of 160,000,000 ordinary shares (50% equity stake) in CUMMINS West Africa Ltd by CMI Africa Holdings B.V from Leventis Power Systems Limited.
 7. Acquisition of 2,067,672,000 ordinary shares (60% Equity Stake) in Penman Pensions Limited by Mansard Insurance Plc.
 8. Acquisition of 84,150,000 ordinary shares (99% Equity stake) in Dangote Agrosack Ltd from Dangote Flour Mills by Dangote Industries.

Fresh Applications Received in 2014

1. Acquisition of 6,250,000,001 ordinary shares (100% Equity) in Enterprise Bank Limited from Restructuring



9. Acquisition of 55,614,999 ordinary shares (99.998% equity stake) in Nokia West Africa by Microsoft Mobile OY.
10. Acquisition of 50,000,000 ordinary shares (100% Equity) in CITADEL Registrars by Union Registrars Limited.
11. Proposed acquisition of 10,000,000 ordinary shares (100% interest) in East Horizon Gas Company Limited by Seven Energy International Limited.
12. Proposed Acquisition of 100% equity shareholding in Marina Stockbroking Services Limited by Associated Discount House Limited.
13. Acquisition of 25,000,000 ordinary shares of N10 and 29,000,000 preference shares of N10 (50% Equity) in SIM Capital Alliance Limited by ACA Holdings Limited from Sanlam Investments Holdings Limited
14. Acquisition of 206,528,170 ordinary shares (60% equity) shareholding in Nexans Kabelmetal Nigeria Plc by Jagdish Jetvani.
15. Proposed Acquisition of 299,216,313 shares of Unity Bank Plc (100% equity) in Newdevco Inv. & Sec. Ltd by Gamzaki Transnational Ltd.
16. Acquisition of 6,970,922,000 (92.75% Equity) in Union Bank Company Plc from Union Bank and its subsidiaries (Union bank properties, Union trustees Street Trustees) by Greenco Holdings Ltd.
17. Acquisition of 54% equity in Kakawa Discount (representing 2,160,000,000 ordinary shares) in FBN Capital Limited and simultaneous redistribution of 20% interest in Holding Limited.
18. Acquisition of 100% equity (representing 50,000,000 shares) in Citadel Registrars Registrars Limited.
19. Acquisition of 500,000,000 shares (100% Equity stake) in Trustees limited by Investments Limited

Approved Acquisitions

1. Acquisition of 100% Equity in Mainstreet Bank Ltd by Skytel
2. Acquisition of 25,000,000 shares of N10 and 29,000,000 shares of N10 in SIM Capital Limited by ACA Holdings Limited from Sanlam Investments Limited.



3. Acquisition of 6,250,000,001 ordinary shares (100% Equity) in Enterprise Bank Limited from Restructuring Company Limited and Eligible Securities Limited by HBCL Investments Services Limited.
4. Acquisition of 658,300,000 ordinary shares (45.4% Equity) in Zenith General Insurance Ltd. from Zenith bank Plc by Veritas Registrars Ltd.
5. Acquisition of 437,063,391 ordinary shares (100% Equity) stake in Union Capital markets Ltd by Stacap Ltd.
6. Acquisition of 160,000,000 ordinary shares in CUMMINS West Africa Ltd by CMI Africa Holdings B.V from Leventis Power Systems Limited.
7. Acquisition of 6,970,922,000 shares (92.75% Equity) in Union Assurance Company Plc from Union Bank Plc and its subsidiaries (Union homes, UBN properties, Union trustees, William Street Trustees) by Greenoaks Global Holdings Ltd.
8. Acquisition of 60% Equity Stake in Penman Pensions Limited by Mansard Insurance Plc.
9. Acquisition of 94.7% of the issued ordinary shares in Independent Securities Ltd by Butterpot Capital Limited.
10. Acquisition of FinBank Securities and Asset Management Limited by Quad Capital Ltd.
11. Acquisition of 84,150,000 ordinary shares (99% Equity) in Dangote Agrosacks Limited from Dangote Flour Mills by Dangote industries Limited.
12. Acquisition of 100% equity in Diamond Capital and Financial Markets Limited and Diamond Securities Ltd by Kaizen Partners Nigeria.
13. Acquisition of 100% equity in Philips Oil Company Ltd, Conoco Exploration & Production Nigeria Ltd and Philips Deepwater Exploration Nigeria Ltd by Oando Energy Resources.
14. Acquisition of 2,5000,000 Ordinary shares(100% Equity) in FINBANK Insurance Brokers Limited by Oriental Capital Asset Management Limited.
15. Acquisition of 3,171,698,774 Ordinary shares (96.11% Equity) in FIN Insurance Limited by Capital Alliance Private Equity III Limited.
16. Acquisition of 2,500,000,000 Ordinary shares in FinBank Capital Ltd by Quad Capital Ltd.
17. Acquisition of 1,914,339,368 ordinary shares (51% Equity) stake in Glassforce Limited by Consol Glass Proprietary Ltd.
18. Acquisition of 99.998% equity in Nokia West Africa by Microsoft Mobile OY.
19. Acquisition of 50,000,000 ordinary



shares (100% Equity) in Citadel Registrars by Union Registrars Limited.

20. Acquisition of 54% equity interest in Kakawa Discount (representing 2,160,000,000 ordinary shares) by FBN Capital Limited and simultaneous redistribution of 20% interest to FBN Holding Limited.
21. Acquisition of 334,625,173 ordinary shares (94.7% equity stake) in Independent Securities Ltd by Butterpot Capital Limited.

TAKEOVERS

Fresh Applications

1. Take-Over Bid by FBN Life Assurance Limited for 1,872,911,465 ordinary shares (28.8% Equity) in Oasis Insurance Plc.
2. Takeover bid by UAC Nigeria Plc for up to 61,162,600 ordinary shares of 50 kobo each (15.29% Equity) in Portland paints and Product Nig Plc.
3. Takeover bid by Lafarge Africa Plc for 927,008,865 shares (58.61% Equity) in Ashaka Cement Plc

RESTRUCTURING

Pending Applications from 2014

1. Restructuring of Japaul Oil Services Plc.
2. External restructuring for Securities Limited.
3. Restructuring of Ringardas Limited, ASCA Bitumen Limited, Moraga Mortain Limited and GNB Logistics Limited.

Application Received in 2014

1. External Restructuring of British American Tobacco Limited and BAT Iseyin Limited.
2. Reorganization of capital of Union Homes Savings & Loans Limited and holders of its ordinary shares
3. External Restructuring of Savings & Loans Limited and Union Homes Savings & Loans Limited
4. Proposed reorganization of downstream business of Oando Limited
5. External Restructuring of Securities Limited and Kedar Limited
6. Corporate Restructuring – Union Homes Savings & Loans and transfer of the Undertaking of Food Concepts Limited
7. Multi-Choice Nigeria Limited Broadcasting Services Limited



8. Africa Airtime Sales Limited.
9. Scheme of arrangement between Lasaco Plc. and Lasaco Life Assurance Company Ltd.
10. Restructuring of companies within the ARM Group.

Approved Restructuring

1. Scheme of arrangement between Lasaco Plc. and Lasaco Life Assurance Company Ltd.
2. External Restructuring of Suntrust Savings & Loans Limited and Oceanic Homes Savings & Loans Limited.
3. Reorganization of capital between Union Homes Savings & Loans Limited and holders of its fully paid ordinary shares.
4. External Restructuring between British American Tobacco Nigeria Limited and BAT Iseyin Agronomy Limited.
5. Restructuring of Japaul Oil Maritime Services Plc.
6. External restructuring for Marina Securities Limited.
7. Restructuring of Ringardas Nigeria Limited, ASCA Bitumen Company Limited, Moraga Mortain Nigeria Limited and GNB Logistics Nigeria Limited.



Fresh Applications

The Commission received a total number of fifty nine (59) applications and twenty capital market operators were registered.

Approved Capital Market Operators in 2014

S/N	NAME OF COMPANY/FIRM	FUNCTION APPROVED
1.	BGL Capital Limited	Issuing House, Corporate Investment Adviser and Underwriter
2.	Heritage Banking Company Limited	Receiving Banker
3.	Akin Olawore & Co	Estate Surveyor & Valuers
4.	Opone Johnson & Co	Reporting Accountants
5.	G.E. Osagie & Co.	Reporting Accountants
6.	M.A. Banire & Associates	Solicitors
7.	Agbo Abel & Co	Reporting Accountants
8.	Jose Portfolio Management Limited	Venture Capital Fund Manager
9.	Radix Trustees Limited	Trustees
10	ARM – Harith Infrastructure Investment Limited	Fund/Portfolio Manager
11	Elixir Asset Management Limited	Fund/Portfolio Manager
12	Madu Melu &Co	Reporting Accountant
13	JVL Capital Ltd	Corporate Investment Adviser
14	Obla & Co.	Solicitors
15	Alpha Morgan Capital Managers Ltd	Fund/Portfolio Manager
16	Tsedaqah Solicitors	Solicitors
17	EFCP Limited	Broker/Dealer
18	Ecobank Development Company Ltd	Issuing House
19	First Ally Capital Limited	Issuing House and Underwriter
20	Sada idris & Co	Reporting Accountants
21	Afex Commodity Exchange Ltd	Commodity Exchange
22	LCM Consulting Nigeria Ltd	Corporate Investment Adviser



Registration of Sponsored Individuals/Compliance Officers/Functions:

A total of One Hundred and Twenty (120) applications for Sponsored Individuals were received in 2014 and Ninety Four (94) were approved.

Change of Name

Twenty Six (26) applications for change of name were received and fourteen of them listed below were concluded.

S/N	FORMER NAME	NEW NAME
1.	Oceanic Registrars Ltd	EDC Registrars Limited
2.	Kakawa Asset Management Ltd	Investment One Funds Management Ltd
3.	MC-Finerco Investment Ltd	Gruene Capital Ltd
4.	Access Investment Securities Limited	Dunn Loren Merrifield Asset Management and Research Company Limited
5.	Skye Financial Services Limited	SFS Financial Services
6.	Merit Securities Limited	Elixir Securities Limited
7.	Ocean Securities & Stockbrokers Ltd	Milestone Capital Management Ltd
8.	Dunn Loren Merrifield Limited	Dunn Loren Merrifield Advisory Partners Limited
9	SME Manager Ltd	CAN Fund Manager Limited



STATUTORY RETURNS FROM PUBLIC COMPANIES

The Commission received a total of 1113 statutory returns from public companies below:

S/N	Types of Returns	Number Received 2014	Number Received 2013
1	Annual Audited Accounts	253	180
2	Quarterly Unaudited Financial Statements	268	330
3	Half- Yearly Returns on Corporate Governance	259	152
4	Unclaimed Dividend Returns	101	-
5	Earnings Forecast	232	-



ACTIVITIES**A. INVESTOR EDUCATION AND OUTREACH**

The Commission undertook a number of activities in 2014 which include the following:

I. New Publications

- What is ... e-Dividend, Dematerialization, Straight-Through-Processing (STP)?
- Opportunities in the Nigerian Capital Market: A Guide for Graduates
- Beware of Investment Scams (Ponzi Schemes) fliers

II. Distribution of SEC Publications

In order to enhance public participation in the Market and promote financial

education, the Commission distributed 2,255 publications and organized market awareness campaigns, seminars and workshops.

III. National Quiz Competition on Capital Market for Secondary Schools

The Quiz Competition has become an important means of educating and interacting with secondary school students in order to promote a better understanding of Capital Market issues.

The 5th edition of the National Quiz Competition took place in November 2014 with 181 school participating. A list of Winners at the Grand Finale which took place at the Commission's Head Office in Abuja is shown below:

S/N	NAME OF SCHOOL	POSITION
1	Bibo Oluwa Academy Ilesha, Osun State	1 st
2	Abdulasheed Raji Special School, Sokoto, Sokoto state	2 nd
3	Community Secondary School Okposi, Ebonyi State	3 rd
4	Government Secondary School Akim Calabar Cross River state	4 th
5	Chapel Secondary School Ilorin, Kwara State	5 th
6	Federal Government College Azare, Bauchi State	6 th



IV. Production of "Corporate Thieves" – A Capital Market Soap Opera

The Commission and Wale Adenuga Productions (WAP) collaborated to produce and air a Capital Market-oriented drama series titled Corporate Thieves to provide Capital Market education to Nigerians through drama. This soap opera started airing on some television stations in December 2014.

V. Lecture series for National Youth Service Corp (NYSC) Members

Lecture series on OPPORTUNITIES IN THE NIGERIAN CAPITAL MARKET- A Guide for Graduates was organized for corp members in orientation camps across the country.

The Lectures were adjudged to be educative by corp members and NYSC officials. 28,675 SEC publications were distributed during the lectures.

VI. Excursions to the Commission by Academic Institutions

The visits were aimed at exposing

students to the fundamentals of the capital market. A total of 479 students from 16 schools (14 universities and 2 secondary schools) visited the Commission in 2014. Papers presented to the students include **"Functions of the SEC"** and **"How to invest in the Nigerian Capital Market"**. Short movies on the capital market sponsored by the Commission titled "Breeze", "Easy Money" and "Mutual Benefits" were also shown to the students to further educate them on illegal (Ponzi) schemes, financial inclusion and wise investments.

VII. Capacity Building for Shareholder Associations

As part of effort to strengthen and enhance the role of shareholders in Capital Market development, the Commission organized a two day workshop for Executives of the registered Shareholder's Associations on the theme "Understanding Corporate Governance in the Nigerian Capital Market".



IBADAN ZONAL OFFICE

Complaints brought forward from 2013	30
Complaints received in 2014	35
Complaints resolved in 2014	30
Complaints forwarded to the Head Office in 2014	16

Market Development Activities

1. Introduction and launching of capital market club in four (4) secondary schools
2. Provision of books/literatures for St. Anne's Senior Secondary School Molete, Ibadan where the capital market club already exists.
3. Interactive session with CMOs in Ibadan.

ONITSHA ZONAL OFFICE

Complaints brought forward from 2013 = 935
 Complaints received in 2014 = 214
 Complaints resolved in 2014 = 144
 Complaints pending = 1,005
 COMPLAINTS RESOLVED AND CLOSED IN 2014

S/NO	CLASSES	NOS.
1.	Registrars' Related Complaints	93
2.	Stockbrokers Related Complaints	49
3	Illegal Operator Related Complaints	2
	TOTAL	144

PORT-HARCOURT ZONAL OFFICE

Complaints received in 2014 = 651

S/NO	CLASSES	NOS.
1.	Registrars Related Complaints	184
2.	Stockbrokers Related Complaints	415
3	Other Company Related Complaints	52
	TOTAL	651



Complaints resolved in 2014 = 169

S/NO	CLASSES	NOS.
1.	Registrars Related Complaints	72
2.	Stockbrokers Related Complaints	47
3	Other Company Related Complaints	50
	TOTAL	169

Complaints pending = 482

Market Development Activity:

- Launching of capital market club in three (3) secondary schools.

KANO ZONAL OFFICE

Total Number of Complaints	1,068
Complaints Brought Forward from 2013	523
Complaints received in 2014	545
Complaints Resolved in 2014	448
Pending Cases	620

A total of N18,727,017.72 (Eighteen Million, Seven Hundred and Twenty Seven Thousand, Seventeen Naira and Seventy Two Kobo) was recovered for investors while One Hundred and Fifty Six (156) share certificates were also recovered and handed over to the investors.

LAGOS ZONAL OFFICE

Complaints received in 2014	191
Complaints resolved in 2014	103
Statutory Meetings Attended	129
Inspections carried out	162

Market Development Activity:

- The Zone hosted four (4) secondary schools on excursions. The visits were aimed at enlightening the students on Capital market activities and opportunities.



KADUNA ZONAL OFFICE

I. Total complaints received in 2014 248

S/NO	CLASSES	NOS.
1.	Registrars Related Complaints	222
2.	Stockbrokers Related Complaints	23
3	Other Company Related Complaints	3
	TOTAL	248

II. Total complaints Resolved in 2014 178

S/NO	CLASSES	NOS.
1.	Registrars Related Complaints	165
2.	Stockbrokers Related Complaints	12
3	Other Company Related Complaints	1
	TOTAL	178

Market Development Activity:

- A. Airing of Capital Market enlightenment awareness jingles in conjunction with Nassarawa and Niger States Broadcasting Corporations.
- B. Sensitization lectures on the Capital Market to the emirates councils of Minna and Keffi.
- C. The establishment of Capital Market Clubs in two (2) schools.



SECTION 3
LEGAL AND
ENFORCEMENT



LEGAL OPINIONS

One Hundred and Thirty Six (136) legal opinions were given in 2014.

LITIGATION

The Commission was involved in a total of 160 suits at various courts and Tribunals out of which 45 were new cases. 110 cases came up for hearing and 18 were concluded in 2014.

RULE MAKING

A total of twenty (20) new Rules and Amendments were approved in 2014 compared to fifteen (15) in 2013.

APPROVED NEW RULES

- i. Rule on Infrastructure Funds.
- ii. Rule on approval of Foreign Collective Investment Schemes.
- iii. Registration Requirements of Capital Market Trade Groups as Self-Regulatory Organizations (SRO's) (Rule 227).
- iv. Rule on Registration of Capital market Operators.
- v. Rule for the transfer of function(s) from a parent company (registered capital market operator) to its subsidiary.
- vi. Rule for potential Sponsored Individuals to attend capital market training before attending Registration Committee Meeting.
- vii. Rule for Time limit for filing documents/transfer of sponsored individuals.
- viii. Rule 401(b) for Filing of notice by directors and other insiders upon sale or purchase of their shares in the company.
- ix. Rule on tenure of Audit Committee Members.
- x. Rule on Earning Forecast pursuant to Section 64 of the ISA.

- xi. Rule on Take-over bids pursuant to Section 131 of the ISA.
- xii. Rule to Increase fees for Sponsored Individuals.

AMENDMENTS TO EXISTING SEC RULES

- i. Fidelity Bond (Rule 27)
- ii. Registration Requirements of Capital Market Experts or Professionals (Rule 178)
- iii. Securities Lending and Borrowing.
- iv. Procedure of SEC Administrative Proceedings Committee Amendment (Rule 10 (c)).
- v. Code of Corporate Governance for Public Companies.
- vi. Shelf Registration (Rule 279 (5))
- vii. Basis of Allotment (Rule 328)
- viii. Functions of Broker/Dealers (Rule 56)

EXPUNGED RULE

1. Rule 428 (1) (Clearance of scheme documents)

EXPOSED RULES

- i. Additional Disclosure Requirements for exploration and production (E&P) Companies.
- ii. Proposed rules on Net Liquid Capital calculation.
- iii. Complaints Management framework



The following monitoring activities were carried out in 2014:

1. Assessment of the financial health of Capital Market Operators (CMOs) through prudential supervision using targeted off-site and on-site supervision;
2. Compliance with Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) laws and regulation;
3. Utilization of issue proceeds by issuers of securities; and
4. Implementation of the new minimum capital requirements.

OFF SITE INSPECTION

One thousand six hundred and forty one (1641) quarterly returns were reviewed as shown in the table below.

S/N	Category	Number of Operators that submitted returns	Number of returns reviewed
1.	Broker-Dealers	233	930
2.	Issuing Houses	71	268
3.	Underwriters	12	24
4.	Trustees	28	94
5.	Registrars	21	84
6.	Rating Agencies	4	16
7.	Corporate Investment Adviser	53	225
	Total		1641

The summary of the major indices extracted from the quarterly returns by functions is as stated below:

Broker/Dealers

A total of 930 returns were reviewed with an average of 233 returns per quarter.



The performance of the Firms was as noted below:

S/N	INDICES	2014	2013	YEAR-ON-YEAR
	Aggregate	N' bn	N' bn	%
1	Turnover	34.11	37.21	-8.33
2	Level of Profitability (Net)	3.23	8.97	-63.99
3	Shareholders' Funds	124.97	108.23	15.47
4	Indebtedness to Banks	4.35	11.82	-63.20
5	Investment in Quoted Securities	42.80	58.22	-26.49
6	Loans to Clients/Margin Loan	4.23	7.39	-42.76

Shareholders' Funds

In 2014, the aggregate shareholders' funds of Broker/Dealers stood at N124.97 billion compared to N108.23 billion in 2013, representing an increase of 15.47%.

Indebtedness to Banks

The aggregate level of Broker/Dealers' Indebtedness to Banks stood at **N4.35 billion** in 2014 compared to **N11.82 billion** in 2013, representing a decrease of **63.20%**. Out of the total outstanding indebtedness, thirteen (13) firms accounted for **83%**.

Investment in Quoted Securities

The value of Broker/Dealers' investment in quoted securities declined during the year by 26.49% to close at N42.80 billion as against N58.22 billion as at 31 December, 2013.

Loan to Client/Margin Loan

The status of margin/other loans granted to clients by stockbrokers declined significantly by 43% in 2014 to N4.23 billion from N7.39 billion.

Registrars

Eighty four (84) returns from Registrars were reviewed.

Analysis of the returns revealed that **unclaimed dividends increased by 20.47% to N90.1bn in 2014 from N74.79bn in 2013.**

Surplus /return monies in respect of public and rights issues was N1.7bn in 2014 against N1.4bn in 2013, showing an increase of 21.43% while unclaimed certificates increased to 781,849 compared to 604,737 in 2013.



ANNUAL AUDITED ACCOUNTS

Two hundred and seventy-four (274) Annual Audited Accounts of CMOs for the year ended 2013 were reviewed in 2014.

Total Assets of the reviewed accounts stood at N1.204 trillion showing a decrease of **18.37%** compared to N1.475 trillion recorded in 2012.

Aggregate liabilities reduced from N1.133 trillion in 2012 to N942 billion in 2013, representing a 16.85% change. Shareholders' Funds decreased by **23.16%** from N341 billion in 2012 to N262 billion in 2013 while the profit after tax increased to N480 billion in 2014, from N450 billion in 2013, representing an increase of 6.66% as shown in the table below:

Financial Indicators			
	2013	N' trillion	2012
			% Change
Total Asset		1.204	1.475
Total Liability		0.942	1.133
Shareholders Fund		0.262	0.341
Operating Expenses		0.66	0.133
Profit After Tax		0.480	0.450
Overall Net-Worth to Total Asset		22%	23%
Total Liabilities to Total Asset		78%	77%
Net-worth to Total Liabilities		28%	30%
			(6.66%)
			1.29%
			(4.34%)
			6.66%
			396.24%
			(23.16%)
			16.85%
			(18.37%)
			%

were reviewed.

Corporate Investment Advisers

Two hundred and twenty-five (225) returns of Corporate Investment Advisers

participated in public offers.

Two hundred and sixty-eight (268) returns from Issuing Houses were reviewed in 2014. Of 71 Issuing Houses, thirteen (13)

Issuing Houses

billion in 2013.

Ninety Four (94) returns from twenty six Trustees were reviewed in 2014. Fourteen (14) of the Trustees managed sinking funds amounting to N143 billion, showing a decline of 8.98% from N157.1

Trustees



INSPECTIONS

Prudential On-site Inspection

Risk-based AML/CFT and prudential onsite Inspections were carried out on 45 CMOs comprising of five (5) Trustees, five (5) Rating Agencies, seven (7) Broker Dealers and twenty eight (28) CMOs with multiple functions.

Risk-Based AML/CFT On-site Inspection

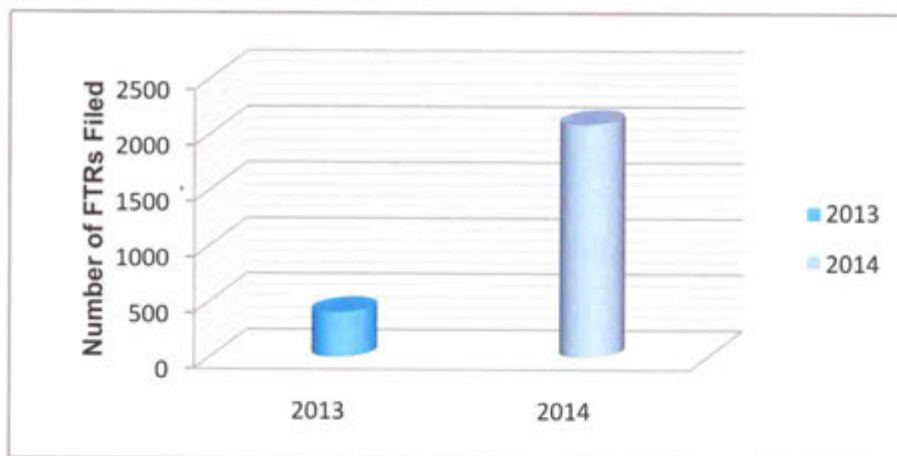
The AML/CFT risk-based on-site inspection was conducted on thirty - five (35) CMOs comprising of 28 operators with multiple functions and 7 broker/dealers to ascertain

their compliance with relevant Rules and Regulations. Analysis of the risk mitigants revealed compliance level was as follows:

11 CMOs	- Good
17 CMOs	- Acceptable
7 CMOs	- Deficient

Foreign Exchange Transactions Reports (FTRs) Filed by CMOs in 2014

A total of 2,089 FTRs from Capital Market Operators were reviewed in 2014 representing an increase of 418% over 403 FTRs reviewed in 2013 as shown in the chart below:-



UTILIZATION OF ISSUE PROCEEDS

Eighty seven (87) returns on Utilization of Issue Proceeds for sub- national Bonds, corporate bonds and Equities were reviewed.

Inspections were conducted on the Utilization of the proceeds of:

- African Paints PLC and
- Property Gates Development Company PLC

OTHER ACTIVITIES

1. Minimum Capital Requirement For CMOs

The minimum capital requirement for capital market operators was increased with 30 September, 2015 as the deadline for compliance.





Level of Compliance with New Minimum Capital Requirements by CMOs as at 31 December, 2014.

Function	No. of CMOs	No. of CMOs that had complied	No. of CMOs yet to comply	% Level of Compliance
Broker/Dealer	233	135	98	58%
Issuing House	71	66	5	93%
Registrar	21	16	5	76%
Trustees	28	12	16	43%
Rating Agency	4	3	1	75%
Total	357	232	125	65%

1. E-Filing And E-Analysis Of Returns

The Commission commenced electronic filing of quarterly returns of CMOs using the e-filing template on its website.

2. Directives on Unclaimed Dividends

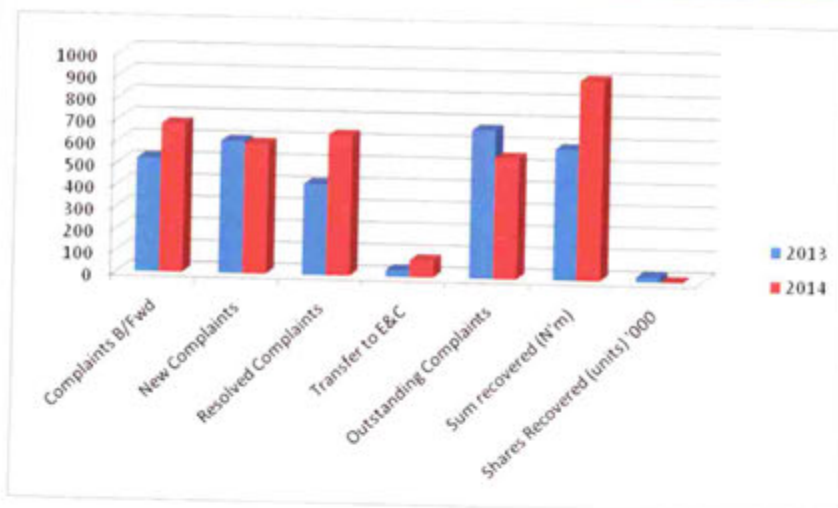
to Registrars to return all unclaimed dividends held by them for 15 months and above to the issuing companies in line with the provision of section 382 of CAMA. Compliance with the directive has been stayed due to a legal action instituted at the Federal High Court. The Commission issued a directive

A total of 1,074 complaints were investigated in 2014, 396 were new complaints and 678 were brought forward from 2013. 640 complaints were resolved and closed and 78 were referred for

enforcement action, leaving 356 outstanding. 15 target inspections were carried out and 14 cases referred to the Nigerian Police.

The total sum of N912.6m and 971,574 units of various shares were recovered for investors.

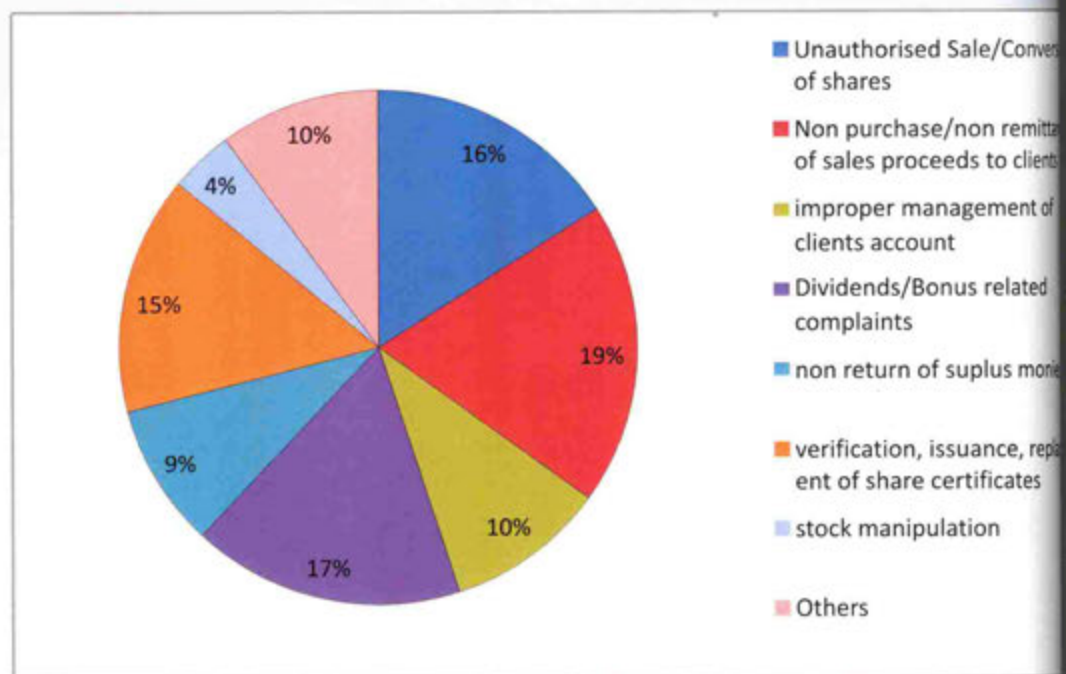
Details	2014	2013
Complaints Brought Forward	678	519
New Complaints	593	604
Resolved Complaints	640	415
Transfer to Enforcement Division	78	30
Outstanding Complaints	553	678
Sum recovered for Investors (N'm)	912.6	597.0
Shares recovered for Investors (units)	971,574	22,043,144



Nature of Complaints Received

Nature of Complaints	2014
Unauthorized Sale/Conversion of shares	91
Non purchase/non remittance of sales proceeds to clients	103
Improper management of clients account	55
Dividends/Bonus related complaints	92
Non return of surplus monies	51
Verification, issuance, replacement of share certificates	82
Stock manipulation	24
Others	55
Total	553





One hundred and Sixteen (116) new cases were referred for enforcement action in 2014. The cases were in respect of the following infractions:

- Unauthorised sale of clients stocks
- Non purchase of stock
- Mismanagement of clients portfolio accounts
- Non-allotment of shares paid for by investors
- Non-remittance of proceeds of sale of clients shares
- Non-rendition of periodic and annual returns

The Commission sealed up offices of the following illegal operators:

- New Nation (Women in Oil)

- Equation Global Services Solution
- DMC Management Ltd

In compliance with the decision of the Investments and Securities Tribunal in SEC v. AlIgreen Investment Ltd and 30 Others, the Commission placed 'caution' on the stocks of companies declared as illegal operators and those of their directors/promoters. This information was forwarded to the Financial Services Regulatory and Coordinating Committee (FSRCC) for delivery to Liquidators to facilitate restitution of affected investors.

Thirty nine (39) cases were referred to the Nigeria Police for criminal investigation and prosecution.

ENFORCEMENT ACTIVITIES

Cases brought forward from 2013	70
New Cases	116
Cases Referred to the Nigeria Police	39
Pending Cases	133
Illegal Operators Closed down	3
Cases referred to the Administrative Proceedings Committee (APC)	1
Suspensions/Cautions	7/2
Money recovered for investors	N1,447,899,507.65
Stocks recovered for investors	2,011,062 units
No of operators penalised	23



SUSPENDED CAPITAL MARKET OPERATORS

S/N	Name of Company	Date of Suspension
1	Bytofel Trust & Securities Ltd.	April 4, 2014
2	Shalom Investment & Financial Services Ltd.	May 19, 2014
3	Mact Securities Ltd.	May 26, 2014
4	Monument Securities Ltd.	June 12, 2014
6	Maven Asset Management Ltd.	August 29, 2014
7	Circular Trust Ltd.	Dec. 9, 2014
8	Tower Asset Mgt. Ltd.	Dec. 9, 2014
9	Prime Wealth Capital /Nominees Ltd.	December 12, 2014

CANCELLED REGISTRATION

S/ N	Name of Company	Date of Cancellation
1	Gosord Securities Ltd.	July 15, 2014
2	First Equity Securities Ltd.	May 21, 2014



SECTION 4
ANNUAL ACCOUNTS



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for the year ended 31 December 2014**

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**Members of the Securities and Exchange Commission, professional advisers and offices
for the year ended 31
December 2014**

Members of the Commission:

Dr. Suleyman Abdu Ndanusa, OON	Chairman
Arunma Oteh, OON	Director - General
Mallam Mounir H. Gwarzo	Executive Commissioner, Operations
Rt. Hon. Zakawanu.I. Garuba	Executive Commissioner, Corporate Services
Mrs. Sa'adatu Mohammed Bello	Executive Commissioner, Legal and Enforcement
Barr. Adefunke Abiodun	Member
Mr. Ugochukwu Ikemba	Member
Mrs. A.M.Daniel Nwaobia	Representative, Federal Ministry of Finance
Dr. Kingsley Moghalu	Representative, Central Bank of Nigeria
Edosa Kennedy Aigbekaen (Esq.)	Secretary
Auditors	Messrs PricewaterhouseCoopers (Chartered Accountants) 252E, Muri Okunola Street Victoria Island Lagos
Bankers	Access Bank Plc Central Bank of Nigeria Ecobank Nigeria Plc Fidelity Bank Plc First City Monument Bank Plc Guaranty Trust Bank Plc Unity Bank Plc Zenith Bank Plc



Members of the Securities and Exchange Commission, professional advisers and offices - (Contd)
for the ended 31 December 2014

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.

Maiduguri Zonal Office

11, Baga Road
 Maiduguri
 Borno State.

Kaduna Zonal Office

41, Ali Akilu Road
 Opp. Fin Bank
 Anguwa Sarki
 Kaduna
 Kaduna State.

Onitsha Zonal Office

Onitsha Business Village
 4, Ridge Road GRA
 Onitsha
 Anambra State.

Ibadan Zonal Office

4b, Rotimi Williams Road
 Off Awolowo Avenue, Old Bodija
 Ibadan
 Oyo State.



Report of the members of the Commission for the year ended 31 December 2014

The Members of the Securities and Exchange Commission ("the Commission" or "SEC") have pleasure in presenting its group audited financial statements for the year ended 31 December, 2014.

These financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS), in line with the requirements of the Financial Reporting Council of Nigerian (FRCN).

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.

National Investor Protect Fund was established on 9 March 2012 under Company and Allied Matter Act of 1990 as a Company limited by guarantee.

Nigerian Capital Market Institute was established on 26 March 2004 under Company and Allied Matter Act of 1990 as a Company limited by guarantee.

2 Principal activities

The Commission is charged with the duties of:

- regulating investments and securities business in Nigeria;
- registering and regulating securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and any other recognised investment exchanges;
- registering securities to be offered for subscription or sale to the public;
- preparing adequate guidelines and organising training programmes and disseminating information necessary for the establishment of Securities Exchanges and Capital Trade Points;
- maintaining surveillance over the securities market to ensure orderly, fair and equitable dealings in securities;
- 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;
- protecting the integrity of the securities market against abuses arising from the practice of insider trading;
- 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;
- reviewing, approving and regulating mergers, acquisitions and all forms of business combinations;
- promoting investors' education and the training of all categories of intermediaries in the securities industry;
- 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 31 December 2014 N '000	Group 31 December 2013 N '000	The Commission	
			31 December 2014 N '000	31 December 2013 N '000
Income	9,475,813	7,285,289	8,193,927	6,759,367
Expenditure	9,280,330	8,965,258	9,275,314	8,965,258
Surplus/(Deficit) for the year	195,483	(1,679,969)	(1,081,387)	(2,205,891)

5 Property and equipment

Movements in property and equipment during the year are as shown in note 10 on page 28 of these financial statements.



Report of the members of the Commission for the year ended 31 December 2014 (Cont'd)

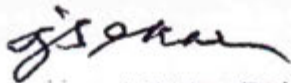
6 Financial commitments

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

7 Auditors

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

By order of the Commission



Edosa Kennedy Aigbekaen (Esq.)
(Secretary to the Commission)
Abuja, Nigeria
25 March 2015



Securities and Exchange Commission Statement of Board members' responsibility

In accordance with the provisions of the Investments and Securities Act 2007, the Board of Commissioners is responsible for the preparation of the financial statements which give a fair presentation of the state of affairs of the Commission at the end of the year and its income and expenditure in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Financial Reporting Council of Nigeria 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 2007
- ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- iii. the Commission prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied; and
- iv. it is appropriate for the financial statements to be prepared on a going concern basis.

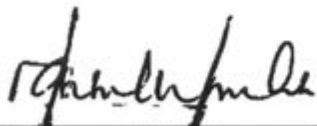
The Commissioners accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the Investments and Securities Act 2007 and in accordance with the International Financial Reporting Standard (IFRS).

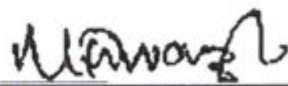
The Commissioners are of the opinion that the financial statements give a fair presentation of the state of the financial affairs of the Commission and of its income and expenditure and cash flows.


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

Signed on behalf of the Board of Commissioners by:


 Dr. Suleyman Abdu Ndansa, OON
 Chairman
 FRC/2014/NBA/00000007180
 25 March 2015


 Mallam Mounir H. Gwarzo
 Ag. Director-General
 25 March 2015


 Rt. Hon. Zakawanu I. Garuba
 Executive Commissioner, Corporate Services
 FRC/2014/NBA/00000006534
 25 March 2015





REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE SECURITIES AND EXCHANGE COMMISSION

Report on the financial statements

We have audited the accompanying financial statements of the Securities and Exchange Commission ("the Commission") and its subsidiaries (together, "the Group"). These financial statements comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Investment and Securities Act 2007 and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

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

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the Commission and the Group at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investment and Securities Act 2007 and the Financial Reporting Council of Nigeria Act.

Gabriel Ukpoh
 For: PricewaterhouseCoopers
 Chartered Accountants
 Engagement partner: Gabriel Ukpoh
 FRC/2013/ICAN/0000001882
 Lagos, Nigeria

30 March 2015



PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria



Statement of profit or loss and other comprehensive income
for the year ended 31 December 2014

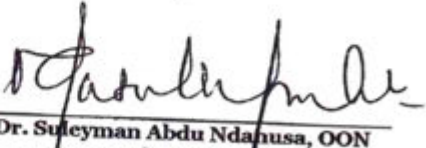
	Note	Group		The Commission	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
		N '000	N '000	N '000	N '000
Fee income from operations	4	6,928,650	4,257,684	6,928,650	4,257,684
Interest income	5	2,526,691	3,027,075	1,263,270	2,501,153
Other operating income	6	20,472	530	2,007	530
Total income		9,475,813	7,285,289	8,193,927	6,759,367
Employee benefits expense	7	5,004,534	4,774,588	5,004,534	4,774,588
Depreciation and amortisation expenses	8	455,129	358,008	455,129	358,008
Other operating expenses	9	3,820,667	3,832,662	3,815,651	3,832,662
Total expenditure		9,280,330	8,965,258	9,275,314	8,965,258
Surplus/(Deficit) for the year		195,483	(1,679,969)	(1,081,387)	(2,205,891)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurement (loss)/gains on defined benefit scheme	19	(269,024)	83,923	(269,024)	83,923
Other comprehensive income for the year		(269,024)	83,923	(269,024)	83,923
Total comprehensive loss for the year		(73,541)	(1,596,046)	(1,350,411)	(2,121,968)



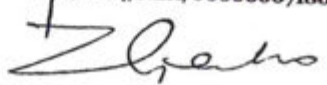
Statement of financial position as at 31 December 2014

		Group		The Commission	
	Note	31 December 2014 N '000	31 December 2013 N '000	31 December 2014 N '000	31 December 2013 N '000
Assets					
Non-current assets					
Property and equipment	10	3,582,272	3,724,910	3,582,272	3,724,910
Intangible assets	11	29,808	60,154	29,808	60,154
Interest in structured entities	12	-	-	15,000,000	15,000,000
Staff loans and other receivables	13	808,004	746,207	808,004	746,207
Held to maturity financial assets	14	7,595,522	7,583,606	7,595,522	7,583,606
Prepayments	15	2,564,618	2,466,018	2,564,618	2,466,018
Retirement benefit assets	19	-	203,501	-	203,501
Total non-current assets		14,580,224	14,784,396	29,580,224	29,784,396
Current assets					
Staff loans and other receivables	13	286,618	219,882	292,765	226,030
Held to maturity financial assets	14	4,076,910	1,462,992	3,666,617	1,462,992
Cash and bank balances	16	15,252,480	17,935,509	1,193,027	5,759,473
Total current assets		19,616,008	19,618,383	5,152,409	7,448,495
Total assets		34,196,232	34,402,779	34,732,633	37,232,891
Equity and liabilities					
Equity					
Capital grant	20	496,858	496,858	496,858	496,858
Capital reserve fund	21	447,676	447,676	447,676	447,676
Accumulated reserve fund	22a	31,217,830	31,291,371	29,415,038	30,765,449
Total equity		32,162,364	32,235,905	30,359,572	31,709,983
Liabilities					
Non current liabilities					
Retirement benefit obligations	19	61,227	-	61,227	-
Total non-current liabilities		61,227	-	61,227	-
Current liabilities					
Sundry and other creditors	17	1,352,641	1,546,874	3,691,834	4,902,908
Provision and accruals	18	620,000	620,000	620,000	620,000
Total current liabilities		1,972,641	2,166,874	4,311,834	5,522,908
Total liabilities		2,033,868	2,166,874	4,373,061	5,522,908
Total equity and liabilities		34,196,232	34,402,779	34,732,633	37,232,891

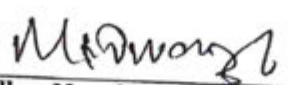
These financial statements were approved and authorised for issue by the Board of the Commissioners on 25 March 2015 and signed on its behalf by:


Dr. Suleyman Abdu Ndahusa, OON
Chairman

FRC/2014/NBA/00000007180


Rt. Hon. Zakawanu I. Garuba
Executive Commissioner, Corporate Services

FRC/2014/NBA/00000006534


Mallam Mounir H. Gwarzo
Ag. Director-General



Statement of changes in equity for the year ended 31 December 2014

Group

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	National Investor Protection fund N'000	Capital Market Development fund N'000	Total N'000
At 1 January 2014	496,858	447,676	31,291,371	-	-	32,235,905
Surplus for the year	-	-	195,483	-	-	195,483
Other comprehensive income	-	-	(269,024)	-	-	(269,024)
Total comprehensive income	-	-	(73,541)	-	-	(73,541)
At 31 December 2014	496,858	447,676	31,217,830	-	-	32,162,364

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	National Investor Protection fund N'000	Capital Market Development fund N'000	Total N'000
At 1 January 2013	496,858	447,676	22,887,417	5,000,000	5,000,000	33,831,951
Deficit for the year	-	-	(1,679,969)	-	-	(1,679,969)
Other comprehensive income	-	-	83,923	-	-	83,923
Total comprehensive income	-	-	(1,596,046)	-	-	(1,596,046)
Transfer between reserves	-	-	10,000,000	(5,000,000)	(5,000,000)	-
Total transfers between reserves	-	-	10,000,000	(5,000,000)	(5,000,000)	-
At 31 December 2013	496,858	447,676	31,291,371	-	-	32,235,905

The Commission

	Capital grant N'000	Capital reserve fund N'000	Accumulated fund N'000	National Investor Protection fund N'000	Capital Market Development fund N'000	Total N'000
At 1 January 2014	496,858	447,676	30,765,449	-	-	31,709,983
Deficit for the year	-	-	(1,081,387)	-	-	(1,081,387)

Other comprehensive income - remeasurement

gain on defined benefit scheme

- - (269,024) - - (269,024)

Total comprehensive income - (1,350,411) - - (1,350,411)

At 31 December 2014 496,858 447,676 29,415,038 - - 30,359,572

At 1 January 2013	496,858	447,676	22,887,417	5,000,000	5,000,000	33,831,951
Deficit for the year	-	-	(2,205,891)	-	-	(2,205,891)
Other comprehensive income	-	-	83,923	-	-	83,923
Total comprehensive income	-	-	(2,121,968)	-	-	(2,121,968)
Transfer between reserves	-	-	10,000,000	(5,000,000)	(5,000,000)	-
Total transfers between reserve	-	-	10,000,000	(5,000,000)	(5,000,000)	-
At 31 December 2013	496,858	447,676	30,765,449	-	-	31,709,983



Statement of cash flows for the year ended 31 December 2014

	Note	Group		The Commission	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		N '000	N '000	N '000	N '000
Cash flows from operating activities					
Net cash used in operating activities	22	235,984	(2,709,168)	(1,027,427)	(3,241,238)
Cash flows from investing activities					
Acquisition of property and equipment	10	(290,978)	(191,996)	(290,978)	(191,996)
Proceeds from disposal of property and equipment	10	2,050	428	2,050	428
Interest in structured entities		-	-	(1,030,300)	(11,643,966)
Acquisition of intangible assets		(4,250)	(7,039)	(4,250)	(7,039)
Investment in held to maturity financial assets		(11,916)	1,462,312	(11,916)	1,462,312
Net cash from/(used in) investing activities		(305,094)	1,263,705	(1,335,394)	(10,380,261)
Net (decrease) / increase in cash and cash equivalents		(69,110)	(1,445,463)	(2,362,821)	(13,621,499)
Cash and cash equivalents at start of year		19,398,501	20,843,964	7,222,465	20,843,964
Cash and cash equivalents at end of year		19,329,391	19,398,501	4,859,644	7,222,465
Cash and cash equivalents comprise:					
Cash in hand	16	2,176	9,815	2,176	9,815
Cash and bank balances	16	1,344,994	332,189	1,190,851	326,041
Placements with financial institutions	16	13,905,311	17,593,505	-	5,423,617
Treasury bills		4,076,910	1,462,992	3,666,617	1,462,992
Total cash and cash equivalents		19,329,391	19,398,501	4,859,644	7,222,465



Notes to the consolidated financial statements
For the year ended 31 December 2014

1. General information

These financial statements are the consolidated financial statements of the Securities and Exchange Commission ("the Commission" or "SEC") and three controlled structured entities namely the National Investors Protection Fund, Capital Market Development Fund and the Nigerian Capital Market Institute (NCMI) (hereafter referred to as 'the Group') for the year ended 31 December 2014.

The Commission was established under the Securities and Exchange Commission Act (No. 71) of 1979 as amended by the Investments and Securities Act (ISA) No.29 of 2007. The principal activities of the Commission includes the following: registering and regulating securities exchanges, reviewing and approving mergers and all forms of business combinations and protecting the integrity of the capital market. The funds were entities designed to implement some of the Commission's activities and core mandate in the regulatory and supervisory role in the Nigerian capital market.

The Group came into existence during the 2013 financial year.

The address of the Commission's registered office is Plot 272 Samuel Ademulegun Street, Central Business District, Abuja, Nigeria.

These financial statements were authorised for issue by the Directors on 25 March 2015.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

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

The preparation of financial statements in conformity with IFRSs requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial asset and financial liability'.

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency and bankruptcy. the amendment also considers settlement mechanism. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. This amendment did not have effect on the group financial statements.



Notes to the consolidated financial statements For the year ended 31 December 2014

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Amendment to IAS 19 regarding defined benefit plan. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. This amendment did not have significant effect on the group financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

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

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

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

IFRS 15, 'Revenue from contracts with customers' (effective for the period beginning on or after 1 January 2017):

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to user of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity contract with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contract' and related interpretations. The group is still assessing the impact of IFRS 15.

There are no other IFRS or IFRIC issued but not yet effective that are relevant to the Commission. Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' (effective for the period beginning on or after 1 January 2016):, on depreciation and amortisation. In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This Group is not currently using revenue based methods to calculate the depreciation of an assets.

Amendment to IAS 19, 'Employee Benefits' (effective for the period beginning on or after 1 January 2016):

Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

(b) Early adoption of standards

The Group did not early adopt any standards.



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.2 Consolidation

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

(a) 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 2014. Consolidated structured entities are entities over which the Commission has control.

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

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

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

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

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

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

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

(b) 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.



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.4 Financial assets and liabilities

2.4.1 A) Initial recognition and measurement

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

2.4.2 B) Subsequent measurement

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

C) Classification and related measurement

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

i) Financial assets

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

a) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.



Notes to the consolidated financial statements
For the year ended 31 December 2014

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

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

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

b) Loans and receivables

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

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as fair value through profit or loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

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

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

c) Held-to-maturity financial assets

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

- those that the Group upon initial recognition designates as fair value through profit or loss;
- those that the Group upon initial recognition designates as available-for-sale; or
- those that meet the definition of loans and receivables.

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

The Group's investment in held to maturity financial assets include Federal Government bonds and treasury bills

d) Available-for-sale financial assets

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

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



Notes to the consolidated financial statements For the year ended 31 December 2014

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

ii) Financial liabilities

a) Financial liabilities at fair value through profit and loss

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

b) Other financial liabilities at amortized cost

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

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

2.4.3 Reclassification of financial assets

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

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

2.4.4 Determination of fair value

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

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

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

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



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.4.5 Derecognition

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

2.4.6 Offsetting financial instruments

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

2.4.7 Impairment of financial assets

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

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

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

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

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

Impairment charges on financial assets are included in profit or loss within 'Other operating expenses'



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.5 Impairment of non-financial assets

An asset is impaired when the carrying amount is greater than the recoverable amount. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, intangible assets that have an indefinite useful life and are not subject to amortization are tested annually for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.6 Revenue recognition

Interest income

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

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

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

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

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

Fee income

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

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



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.7 Cash and bank balances

Cash and bank balances include cash in hand, cash in current accounts, 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, 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.

2.8 Property and equipment

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

An asset is recognized when it is probable that economic benefits associated with the item flow to the Group and the cost of the item can be reliably measured. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

For replacement parts, the carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to 'Other operating expenses' during the financial period in which they are incurred.

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

- Buildings: 40 years
- Motor vehicles: 3 years
- Furniture and fittings: 4 years
- Computer equipment: 4 years

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

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

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

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

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

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



Notes to the consolidated financial statements
For the year ended 31 December 2014

2.9 Intangible assets

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

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

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

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

2.10 Employee benefits

Defined contribution scheme

For defined contribution plans, the Commission pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The Commission contributes a minimum of 7.5% of basic salary, housing and transport allowances, with the employee contributing a further 7.5%. The Commission has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Consequent to the promulgation of the new pension reform act 2014, the Group now contributes a minimum of 10% of basic salary, housing and transport allowances, with the employee contributing a minimum of 8% of the same emoluments. The new Pension Reform Act became effective on 1 July 2014.

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.



Notes to the consolidated financial statements
For the year ended 31 December 2014

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.

2.11 Provision

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

2.12 Equity

Accumulated reserve fund

Accumulated reserve fund represents all the accumulated surpluses and losses from prior periods. In accordance with section 22(1) and (2) of the Fiscal Responsibility Act 2007, the Commission makes an annual appropriation representing twenty percent of the operating surplus of the Commission for the year to a general reserve fund.

All remaining surplus after the statutory appropriations to the general reserve fund is payable to the Federal Government of Nigeria not later than one month following the deadline for publication of the financial statements of the Group.

Capital reserve fund

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

Capital grant

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

2.13 Contingent liabilities and contingent assets

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

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



Notes to the consolidated financial statements For the year ended 31 December 2014

3 Financial risk management

3.1 Financial risk factors

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

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

3.2 Financial instruments

The Group's financial instruments are categorised as follows:

Group 31 December 2014

	Financial assets Amortised cost N'000	Financial liabilities Amortised cost N'000
Financial assets		
Cash and bank balances		
Cash and bank balances	15,252,481	-
Loans and receivable		
Staff loans and other receivables	1,094,622	-
Held to maturity financial assets		
Held to maturity investments	11,672,432	-
Financial liabilities		
Sundry and other creditors	-	1,196,500

The Commission 31 December 2014

	Financial assets Amortised cost N'000	Financial liabilities Amortised cost N'000
Financial assets		
Cash and bank balances		
Cash and bank balances	1,193,027	-
Loans and receivable		
Staff loans and other receivables	1,100,769	-
Held to maturity financial assets		
Held to maturity	11,262,139	-
Financial liabilities		
Sundry and other creditors	-	3,535,694



**Notes to the consolidated financial statements
For the year ended 31 December 2014**

The Group

31 December 2013

	Financial assets	Financial liabilities
	Amortised cost	Amortised cost
	N'000	N'000
Financial assets		
Cash and bank balances		
Cash and bank balances	17,935,509	-
Loans and receivable		
Staff loans and other receivables	966,089	-
Held to maturity financial assets		
Held to maturity	9,046,598	-
Financial liabilities		
Sundry and other creditors	-	1,442,690

The Commission

31 December 2013

	Financial assets	Financial liabilities
	Amortised cost	Amortised cost
	N'000	N'000
Financial assets		
Cash and bank balances		
Cash and bank balances	5,759,473	-
Loans and receivable		
Staff loans and other receivables	972,237	-
Held to maturity financial assets		
Held to maturity	9,046,598	-
Financial liabilities		
Sundry and other creditors	-	4,798,724

3.3 Credit Risk

3.3.1 Management of credit risk

Credit risk is the risk that the Group will incur losses as a result of the failure of creditors 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 banks and other related creditors.

3.3.2 Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's credit exposure at their carrying amounts as categorised by geographical region as of 31 December 2014 and 31 December 2013.

Group				
At 31 December 2014 (N'000)	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Nigeria	1,094,622	15,252,481	11,672,432	28,019,535
	1,094,622	15,252,481	11,672,432	28,019,535
The Commission				
At 31 December 2014 (N'000)	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Nigeria	1,100,769	1,193,027	11,262,139	13,555,935
	1,100,769	1,193,027	11,262,139	13,555,935



Notes to the consolidated financial statements
For the year ended 31 December 2014

Group
At 31 December 2013 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Nigeria	966,089	17,935,509	9,046,598	27,948,196
	966,089	17,935,509	9,046,598	27,948,196

The Commission
At 1 December 2013 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Nigeria	972,237	5,759,473	9,046,598	15,778,308
	972,237	5,759,473	9,046,598	15,778,308

(b) Industry sectors

Group
At 31 December 2014 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Government	-	-	11,672,432	11,672,432
Financial services	-	15,252,481	-	15,252,481
Others	1,094,622	-	-	1,094,622
	1,094,622	15,252,481	11,672,432	28,019,535

The Commission
At 31 December 2014 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Government	-	-	11,262,139	11,262,139
Financial services	-	1,193,027	-	1,193,027
Others	1,100,769	-	-	1,100,769
	1,100,769	1,193,027	11,262,139	13,555,935

The Group
At 31 December 2013 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Government	-	-	9,046,598	9,046,598
Financial services	-	17,935,509	-	17,935,509
Others	966,089	-	-	966,089
	966,089	17,935,509	9,046,598	27,948,196

At 1 January 2013 (N'000)

	Staff loans and other receivables	Cash and balances in banks	Held to maturity financial assets	Total
Government	-	-	9,046,598	9,046,598
Financial services	-	5,759,473	-	5,759,473
Others	972,237	-	-	972,237
	972,237	5,759,473	9,046,598	15,778,308



Notes to the consolidated financial statements

For the year ended 31 December 2014

Credit quality of financial Assets

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

Financial Asset Held to maturity

	Group		The Commission	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
Sovereign Ratings	N'000	N'000	N'000	N'000
Nigeria (B+) S&P	11,672,432	9,046,598	11,262,139	9,046,598
	11,672,432	9,046,598	11,262,139	9,046,598

Balances with financial services

	Group		The Commission	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
External credit rating (S&P)	N'000	N'000	N'000	N'000
B	1,189,021	318,270	1,189,021	318,270
B+	554	6,365	554	6,365
Unrated	157,595	17,369	3,452	11,221
	1,347,170	342,004	1,193,027	335,856

Money Market Placement

	Group		The Commission	
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
External credit rating (S&P)	N'000	N'000	N'000	N'000
B	13,905,311	17,593,505	-	5,423,617
	13,905,311	17,593,505	-	5,423,617

Rating Legend:

External credit rating Nigeria (B+) S&P

B: Highly speculative credit rating

B+: Highly speculative credit rating

Staff Loans

	Group		The Commission	
	At 31 December	At 31 December	At 31 December	At 31 December
	2014	2013	2014	2013
	(N'000)	(N'000)	(N'000)	(N'000)
Neither past due nor impaired	835,714	779,388	835,714	779,388
Past due but not impaired	13,962	8,490	13,962	8,490
Impaired	16,156	16,156	16,156	16,156

3.3.3 Maximum exposure to credit risk

The Group's maximum exposure to credit risk at 31 December 2014, is represented by the net carrying amounts of the financial assets set out in note 3.3.2 above.

3.4 Market risk

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

3.4.1 Foreign exchange risk

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

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

3.4.2 Price risk

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



Notes to the consolidated financial statements For the year ended 31 December 2014

3.4.3 Interest rate risk

Interest rate risk is the risk of adverse changes (effectively increases) in market interest rates and arises primarily from the bank deposits and placements which are usually held by the Group. The Group is exposed to cash flow interest rate risk, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rate risk.

Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movement arise.

The Group manages its exposure to this risk by regularly monitoring interest rates and placing funds in financial institutions with a strong financial pedigree and does review its placements decisions as may be required from time to time.

Sensitivity analysis - interest rate risk

An entity defines interest rate risk as the risk of loss arising from changes in interest rates that will affect future profitability or fair values of financial instruments. The Group is exposed to this risk on its investment securities and placements with Banks and mitigates this risk by actively monitoring changes in interest rate in its cash and interest-bearing investments.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

A 100 basis point movement in interest rates will result in increase (decrease) in interest income of N116.721 million at 31 December 2014 (31 December 2013: N90.466 million) in the profit or loss.

3.5 Liquidity risk

Liquidity risk is the risk that the Group does not have adequate assets to match its liability at all times. The liquidity risk exposure is related to our credit and investment risk profile. At 31 December 2014, 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.

The table below analyses the Group's financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 3 months N'000
At 31 December 2014	

Sundry and other creditors	1,196,500
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The Commission

	Less than 3 months N'000
At 31 December 2014	

Sundry creditors	3,535,694
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	Less than 3 months N'000
At 31 December 2013	

Sundry creditors	1,442,690
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	Less than 3 months N'000
At 1 January 2012	

Sundry creditors	3,535,694
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3.6 Capital risk management

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

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

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

The Group's strategy is to maintain adequate capital reserves.



Notes to the consolidated financial statements For the year ended 31 December 2014

3.7 Fair value estimation

(a) Financial instruments measured at fair value

The Group's investments are in government bonds, treasury bills and placement with banks which requires no fair value subsequent to initial measurement. Hence no disclosure were made for this class of financial instruments.

(b) Financial instruments not measured at fair value

(i) Financial instruments

Group

	At 31 December 2014		At 31 December 2013	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank balances	15,252,481	15,252,481	17,935,509	17,935,509
Debt securities (amortised cost)	11,672,431	10,065,283	9,046,598	9,123,363
- Federal Government of Nigeria bonds and treasury bills	1,100,769	1,100,769	966,089	966,089
Staff loans and other receivables	28,025,681	26,418,533	27,948,196	28,024,961
	1,196,500	1,196,500	1,442,690	1,442,690

Financial liabilities

Sundry creditors

The Commission

	At 31 December 2014		At 31 December 2013	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank balances	1,193,027	1,193,027	5,759,473	5,759,473
Debt securities (amortised cost)	11,262,138	9,654,335	9,046,598	9,132,363
- Federal Government of Nigeria bonds and treasury bills	1,100,769	1,100,769	972,237	972,237
Staff loans and other receivables	13,555,934	11,948,131	15,778,308	15,864,073
	3,535,694	3,535,694	4,798,724	4,798,724

Financial liabilities

Sundry creditors

The Group	At 31 December 2014		The Commission	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank balances	15,252,481	15,252,481	1,193,027	1,193,027
Debt securities (amortised cost)	11,672,431	10,065,283	11,262,138	9,654,335
- Federal Government of Nigeria bonds and treasury bills	1,100,769	1,100,769	1,100,769	1,100,769
Staff loans and other receivables	28,025,681	26,418,533	13,555,934	11,948,131
	1,196,500	1,196,500	3,535,694	3,535,694

Financial assets

Cash and bank balances
Debt securities (amortised cost)
- Federal Government of Nigeria bonds and treasury bills
Staff loans and other receivables

Financial liabilities

Sundry creditors

The Group	At 31 December 2013		The Commission	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank balances	17,935,509	17,935,509	5,759,473	5,759,473
Debt securities (amortised cost)	9,046,598	9,132,363	9,046,598	9,132,363
- Federal Government of Nigeria bonds and treasury bills	966,089	966,089	972,237	972,237
Staff loans and other receivables	27,948,196	28,033,961	15,778,308	15,864,073
	1,442,690	1,442,690	4,798,724	4,798,724

Financial assets

Cash and bank balances
Debt securities (amortised cost)
- Federal Government of Nigeria bonds and treasury bills
Staff loans and other receivables

Financial liabilities

Sundry creditors

Notes to the consolidated financial statements

For the year ended 31 December 2014

(ii) Fair valuation hierarchy

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

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

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

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

Group

At 31 December 2014 (N'000)

Financial assets

	Level 1	Level 2	Level 3
Debt securities (amortised cost)			
- Bonds	5,991,066	-	-
- Treasury bills	4,074,216	-	-
Staff loan and Other receivable	-	-	1,094,622
Cash and balances with banks	15,252,481	-	-

At 31 December 2014 (N'000)

Financial liabilities

Sundry creditors	-	-	1,196,500
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The Commission

At 31 December 2014 (N'000)

Financial assets

Debt securities (amortised cost)			
- Bonds	5,991,066	-	-
- Treasury bills	3,663,269	-	-
Staff loan and Other receivable	-	-	1,100,769
Cash and balances with banks	1,193,027	-	-

At 31 December 2014 (N'000)

Financial liabilities

Sundry creditors	-	-	3,535,694
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Group

At 31 December 2013 (N'000)

Financial assets

Debt securities (amortised cost)			
- Bonds	7,677,397	-	-
- Treasury bills	1,454,966	-	-
Staff loan and Other receivable	-	-	966,089
Cash and balances with banks	17,935,509	-	-

At 31 December 2013 (N'000)

Financial liabilities

Sundry creditors	-	-	1,442,690
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The Commission

At 31 December 2013 (N'000)

Financial assets

Debt securities (amortised cost)			
- Bonds	7,677,397	-	-
- Treasury bills	1,454,966	-	-
Staff loan and Other receivable	-	-	972,237
Cash and balances with banks	5,759,473	-	-

At 31 December 2013 (N'000)

Financial liabilities

Sundry creditors	-	-	4,798,724
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Notes to the consolidated financial statements
For the year ended 31 December 2014

(c) Fair valuation methods and assumptions

(i) Cash and bank balances

Cash and bank balances represent cash and short term deposit held with various banks in Nigeria. The fair value of these balances is 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. The fair value is determined with reference to Level 1 on the fair value hierarchy.

(iii) Staff loans and other receivables

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

(iv) Sundry creditors

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



Notes to the consolidated financial statements For the year ended 31 December 2014

4 Fee income from operations

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Market transaction fees	3,916,293	3,106,512	3,916,293	3,106,512
Registration of securities				
- Bonds	271,145	204,385	271,145	204,385
- Equities	765,504	206,964	765,504	206,964
- Right issues	209,974	72,812	209,974	72,812
- Bonus	1,148	5,984	1,148	5,984
Registration of operators	33,192	36,765	33,192	36,765
Penalties and other transaction fees	1,731,394	624,262	1,731,394	624,262
Total fee income	6,928,650	4,257,684	6,928,650	4,257,684

Fee income relates to revenue from capital market operations and regulation of the Nigeria Capital Market.

5 Interest income

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Cash and cash equivalents	1,673,308	2,206,202	409,887	1,680,280
Held to maturity financial assets	706,981	697,727	706,981	697,727
Staff loans	146,402	123,146	146,402	123,146
Total interest income	2,526,691	3,027,075	1,263,270	2,501,153

6 Other operating income

	Group		The Commission	
	31 December 2013	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Workshop training	18,465	-	-	-
Other miscellaneous income	2,007	530	2,007	530
Total other operating income	20,472	530	2,007	530

7 Employee benefits expense

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Wages and salaries	2,259,339	2,444,946	2,259,339	2,444,946
Other employee costs and benefits	2,453,793	2,082,775	2,453,793	2,082,775
Pension costs:				
- Retirement benefits	291,402	246,867	291,402	246,867
Total employee benefit expense	5,004,534	4,774,588	5,004,534	4,774,588

8 Depreciation and amortisation expenses

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Depreciation of property and equipment (note 10)	420,533	321,798	420,533	321,798
Amortisation of intangible assets (note 11)	34,596	36,210	34,596	36,210
Total depreciation and amortisation	455,129	358,008	455,129	358,008

9 Other operating expense

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N '000	N '000	N '000	N '000
Travelling expense	448,144	561,385	448,144	561,385
Maintenance costs	309,413	279,058	309,413	279,058
Insurance	24,388	57,741	24,388	57,741
Training and capacity building	1,025,865	1,067,176	1,025,865	1,067,176
Fuel	65,070	51,619	65,070	51,619
Rates	91,931	99,668	91,931	99,668
Printing, stationery and subscriptions	115,375	158,322	115,375	158,322
Donations	23,470	41,012	23,470	41,012
Information technology expenses	145,743	262,832	145,743	262,832
Meeting expenses	52,727	95,733	52,727	95,733
Professional fees	124,953	125,150	124,953	125,150
Capital market development expenses	978,625	259,776	978,625	259,776
Administrative expenses	105,291	135,518	105,291	135,518
Loss on sale of property and equipment	-	3,328	-	3,328
Board compensation, allowances and expenses	47,330	369,986	47,330	369,986
Audit fees	30,000	25,000	25,000	25,000
Legal fees	85,495	92,763	85,495	92,763
Other operating expenses	146,847	146,595	146,831	146,595
Total other operating expense	3,820,667	3,832,662	3,815,651	3,832,662

Notes to the consolidated financial statements

At 31 December 2014

10 Group and the Commission
Property and equipment

	Land N'000	Buildings N'000	Office, furniture fittings and equipment N'000	IT hardware N'000	Motor vehicles N'000	Capital work in progress N'000	Total N'000
Cost							
At 1 January 2013	801,846	3,047,946	1,132,889	770,958	470,719	-	6,224,358
Additions	-	3,938	126,328	13,263	48,467	-	191,996
Disposals	-	-	(2,547)	-	(24,885)	-	(27,432)
At 31 December 2013	801,846	3,051,884	1,256,670	784,221	494,301	-	6,388,922
At 1 January 2014	801,846	3,051,884	1,256,670	784,221	494,301	-	6,388,922
Additions	-	4,968	167,376	43,765	64,487	10,382	290,978
Disposals	-	-	(10)	-	(69,394)	-	(69,404)
At 31 December 2014	801,846	3,056,852	1,424,036	827,986	489,394	10,382	6,610,496
Accumulated depreciation							
At 1 January 2013	-	504,910	1,051,875	421,863	387,242	-	2,365,890
Charge for the year	-	72,482	62,974	149,632	36,710	-	321,798
Disposals	-	-	-	-	(23,676)	-	(23,676)
At 31 December 2013	-	577,392	1,114,849	571,495	400,276	-	2,664,012
At 1 January 2014	-	577,392	1,114,849	571,495	400,276	-	2,664,012
Charge for the year	-	96,407	68,250	187,914	67,962	-	420,533
Disposal	-	-	(10)	-	(56,311)	-	(56,321)
At 31 December 2014	-	673,799	1,183,089	759,409	411,927	-	3,028,224
Net book amount at 31 December 2013	801,846	2,474,492	141,821	212,726	94,025	-	3,724,910
Net book amount at 31 December 2014	801,846	2,383,053	240,947	68,577	77,467	10,382	3,582,272



Notes to the consolidated financial statements For the year ended 31 December 2014

11 Intangible assets

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Cost			
At 1 January			
Additions	537,005	529,966	537,005
Closing balance	4,250	7,039	4,250
Intangible assets relate only to softwares	541,255	537,005	541,255
Accumulated amortisation			
Opening balance			
Amortisation charge	476,851	440,641	476,851
Closing balance	34,596	36,210	34,596
Net book amount	511,447	476,851	511,447
	29,808	60,154	29,808

12 Interests in structured entities

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
National Investor Protection Fund	-	-	5,000,000
Capital Market Development Fund	-	-	5,000,000
Nigerian Capital Market Institute	-	-	5,000,000
Total interest in structured entities	-	-	15,000,000

13 Staff loans and other receivables

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Staff loans	865,832	804,035	865,832
Impairment of staff loans	(57,828)	(57,828)	(57,828)
	808,004	746,207	808,004

Movement in impairment of staff loans

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Opening balance	(57,828)	(57,828)	(57,828)
Charge for the year	-	-	-
Write back/recoveries	-	-	-
Reclassification	-	-	-
Closing balance	(57,828)	(57,828)	(57,828)

Other Receivables

Receivables from penalties and fines
Other receivables
Fee income receivables
Impairment of sundry debtors

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Receivables from penalties and fines	170,475	115,000	170,475
Other receivables	79,337	42,024	85,485
Fee income receivables	47,851	109,339	47,850
Impairment of sundry debtors	(11,045)	(46,481)	(11,045)
	286,618	219,882	292,765

Movement in sundry debtors

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Opening balance	(46,481)	(46,481)	(46,481)
Charge for the year	-	-	-
Write back/recoveries	35,436	-	35,436
Reclassification	-	-	-
Closing balance	(11,045)	(46,481)	(11,045)

Total staff loans and other receivables

Classification of staff loans and other receivables

	Group		The Commission
	31 December 2014	31 December 2013	31 December 2014
	N' 000	N' 000	N' 000
Current	286,618	219,882	292,765
Non-current	808,004	746,207	808,004
Total	1,094,622	966,089	1,100,769



Notes to the consolidated financial statements
For the year ended 31 December 2014

14 Held to maturity financial assets

Debt instruments

Group		The Commission	
31 December 2014	31 December 2013	31 December 2014	31 December 2013
N' 000	N' 000	N' 000	N' 000
11,672,432	9,046,598	11,262,139	9,046,598
11,672,432	9,046,598	11,262,139	9,046,598

14.1 Debt securities: held to maturity

Debt securities at amortised cost

Listed

- Federal Government Bonds

- Treasury bills

Total investment securities

Group		The Commission	
31 December 2014	31 December 2013	31 December 2014	31 December 2013
N' 000	N' 000	N' 000	N' 000
7,595,522	7,583,606	7,595,522	7,583,606
4,076,910	1,462,992	3,666,617	1,462,992
11,672,432	9,046,598	11,262,139	9,046,598

Classification of held to maturity financial assets

Current

Non-current

Total

4,076,910	1,462,992	3,666,617	1,462,992
7,595,522	7,583,606	7,595,522	7,583,606
11,672,432	9,046,598	11,262,139	9,046,598

All the debt securities are Federal Government of Nigeria bonds and treasury bills.

14.2 Analysis of movement during the period

Federal Government bonds

Opening balance @ amortised cost

Additions

Redemption

Coupon interest

Amortised interest earned

Closing balance

Group		The Commission	
31 December 2014	31 December 2013	31 December 2014	31 December 2013
7,583,606	9,045,918	7,583,606	9,045,918
-	-	-	-
-	(1,462,312)	-	(1,462,312)
706,981	685,678	706,981	685,678
(695,065)	(685,678)	(695,065)	(685,678)
7,595,522	7,583,606	7,595,522	7,583,606

Treasury Bills

Opening balance

Additions

Redemption

Amortised interest earned

Closing balance

Group		The Commission	
31 December 2014	31 December 2014	31 December 2014	31 December 2013
1,462,992	1,462,992	1,462,992	1,462,992
13,617,276	-	13,207,277	-
(11,072,969)	-	(11,072,969)	-
69,317	-	69,317	-
4,076,616	1,462,992	3,666,617	1,462,992

15 Prepayments

Prepayments

Group		The Commission	
31 December 2014	31 December 2013	31 December 2014	31 December 2013
N' 000	N' 000	N' 000	N' 000
2,564,618	2,466,018	2,564,618	2,466,018
2,564,618	2,466,018	2,564,618	2,466,018



Notes to the consolidated financial statements For the year ended 31 December 2014

16 Cash and bank balances

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Cash in hand	2,176	9,815	2,176	9,815
Balances held with banks in Nigeria	1,344,994	332,189	1,190,851	326,041
Money market placements	13,905,311	17,593,505	-	5,423,617
Total cash and bank balances	15,252,481	17,935,509	1,193,027	5,759,473

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

Cash and cash equivalents

	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Cash in hand	2,176	9,815	2,176	9,815
Balances held with banks in Nigeria	1,344,994	332,189	1,190,851	326,041
Money market placements	13,905,311	17,593,505	-	5,423,617
Treasury bills	4,076,910	1,462,992	3,666,617	1,462,992
Total cash and cash equivalents	19,329,391	19,398,501	4,859,644	7,222,465

17 Sundry and other creditors

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Accounts payable	294,845	443,666	294,845	443,666
Sundry creditors	901,655	999,024	3,240,849	4,355,058
WHT payable	46,654	47,515	46,654	47,515
PAYE payable	79,627	34,301	79,626	34,301
VAT payable	29,861	22,368	29,860	22,368
Total sundry and other creditors	1,352,642	1,546,874	3,691,834	4,902,908

18 Provisions and accruals

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Provisions	620,000	620,000	620,000	620,000
Current	620,000	620,000	620,000	620,000
Non-current	-	-	-	-
	620,000	620,000	620,000	620,000

19 Retirement benefit obligations

Defined contribution scheme

The Commission and its employees make a minimum joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

Defined benefit scheme

(a) Staff gratuity plan

The Commission had defined benefit plan in place where qualifying employees received a lump sum payment based on the number of years served. The qualifying employees should have served at least five years. The active members of the defined benefit scheme were transferred out of the scheme on 1 January 2012. Consequently the members of the defined benefit plan at 31 December 2012 comprised of pensioners only. During the 2013 financial year, active executive employees became part of the defined benefit scheme again.

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

The table below outlines where the Group's defined benefit plan amounts and activity are included in the financial statements.

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Statement of financial position asset/(liability) for:				
Staff gratuity plan (liabilities)/assets	(61,227)	203,501	(61,227)	203,501

	Group		The Commission	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
Income statement charge for:				
Current service cost/(income)	53,098	(15,591)	53,098	(15,591)
Net interest	(21,862)	(9,475)	(21,862)	(9,475)
Contribution by employer	(35,532)	(46,695)	(35,532)	(46,695)
Net expenses	(4,296)	(71,761)	(4,296)	(71,761)

Recognized in other comprehensive income

Remeasurement (losses)/gains are recognised in the statement of other comprehensive income.

	Group		The Commission	
	31 December 2014	31 December 2014	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
	(269,024)	83,923	(269,024)	83,923
The amounts recognised in the statement of financial position are determined as follows:				
Defined benefit obligation	(2,602,783)	(2,528,062)	(2,602,783)	(2,528,062)
Fair value of plan assets	2,541,556	2,731,563	2,541,556	2,731,563
(Liability)/asset in the statement of financial position	(61,227)	203,501	(61,227)	203,501

Notes to the consolidated financial statements
For the year ended 31 December 2014

	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	N' 000	N' 000	N' 000	N' 000
The movement in the defined benefit obligation over the year is as follows:				
Opening defined benefit obligation - Active members	2,528,062	2,653,260	2,528,062	2,653,260
Members contribution	-	15,591	-	15,591
Current service cost	53,098	(15,591)	53,098	(15,591)
Interest cost	306,887	301,537	306,887	301,537
Remeasurement losses/(gains)	155,720	(145,824)	155,720	(145,824)
Benefits paid	(440,984)	(280,911)	(440,984)	(280,911)
At end of the period	2,602,783	2,528,062	2,602,783	2,528,062

The movement in the fair value of plan assets of the year is as follows:				
At the beginning of the period	2,731,563	2,701,077	2,731,563	2,701,077
Interest income	328,749	311,012	328,749	311,012
Members contributions	-	15,591	-	15,591
Employer contributions	35,532	46,695	35,532	46,695
Remeasurement losses	(113,304)	(61,901)	(113,304)	(61,901)
Benefits paid	(440,984)	(280,911)	(440,984)	(280,911)
At the end of the period	2,541,556	2,731,563	2,541,556	2,731,563

Composition of plan assets				
Cash	1,450,720	1,031,438	1,450,720	1,031,438
Equity	170,793	1,698,213	170,793	1,698,213
Bonds	920,043	1,912	920,043	1,912
	2,541,556	2,731,563	2,541,556	2,731,563

The principal actuarial assumptions were as follows:

	31 December 2014	31 December 2013
Discount rate	14%	13%
Salary Increase rate	0%	0%
Pension allowance increase	3%	3%

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 2014

	Effect of change in the discount rate		
	Based on		
Assumptions	Decrease in assumption by 1%	actual discount rate of 14%	Increase in assumption by 1%

Average long term discount rate (p.a.)	(2,765,397)	(2,602,783)	(2,459,216)
Percentage change in the defined benefit obligation	6.2%		-5.5%

	Effect of change in the Pension increase rate		
	Based on		
Assumptions	Decrease in assumption by 1%	actual discount rate of 14%	Increase in assumption by 1%
Average long term discount rate (p.a.)	(2,442,700)	(2,602,783)	(2,783,094)
Percentage change in the defined benefit obligation	-6.2%	6.9%	



Notes to the consolidated financial statements

For the year ended 31 December 2014

Assumptions

Average long term discount rate (p.a.)
Percentage change in the defined benefit obligation

Effect of change in mortality		
Decrease in assumption by 1 year	Based on actual discount rate of 14%	Increase in assumption by 1 year
(2,627,131)	(2,602,783)	(2,577,180)
0.9%		1.0%

31 December 2013

Assumptions

Average long term discount rate (p.a.)
Percentage change in the defined benefit obligation

Effect of change in the discount rate		
Decrease in assumption by 1%	Based on actual discount rate of 13%	Increase in assumption by 1%
2,706,192	2,528,062	2,371,638
7%		-6%

Assumptions

Average long term discount rate (p.a.)
Percentage change in the defined benefit obligation

Effect of change in the Pension increase rate		
Decrease in assumption by 1%	Based on actual discount rate of 13%	Increase in assumption by 1%
2,722,067	2,528,062	2,356,807
8%		-7%

Assumptions

Average long term discount rate (p.a.)
Percentage change in the defined benefit obligation

Effect of change in mortality		
Decrease in assumption by 1 year	Based on actual discount rate of 13%	Increase in assumption by 1 year
2,554,782	2,528,062	2,500,004
1%		-1%

The sensitivity analysis was performed by recomputing the liability to show the effect of:

- the change in the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- the change in the pension increase rate assumption on the defined benefit obligation by adding and subtracting 1% to the pension increase rate.
- the change in the mortality assumption on the defined benefit obligation by increasing and decreasing the post-retirement age rating by 1 year.

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

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

20 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 (2013: Nil)

21 Capital reserve fund

Capital reserve fund represents one-fifth of the commission's operating cash 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.

22 Reconciliation of profit to cash generated from operations

	Group 31 December 2014 N' 000	Group 31 December 2013 N' 000	The Commission 31 December 2014 N' 000	The Commission 31 December 2013 N' 000
Surplus/(Deficit) for the period	195,483	(1,679,969)	(1,081,387)	(2,205,891)
Adjustments for:				
- Depreciation (note 10)	420,533	321,798	420,533	321,798
- Amortisation (note 11)	34,596	36,210	34,596	36,210
- Defined benefit scheme expenses	(4,296)	(71,761)	(4,296)	(71,761)
- loss/(profit) on disposal of property and equipment	11,034	3,328	11,033	3,328
Changes in operating assets and liabilities				
-Change in prepayments	(98,600)	(1,458,546)	(98,600)	(1,458,546)
-Change in staff loans and other receivables	(128,533)	(734,391)	(128,532)	(740,539)
-Change in sundry creditors	(194,233)	449,195	(180,774)	449,195
-Change in accrued provision	(0)	424,968	(0)	424,968
Cash used operating activities	235,984	(2,709,168)	(1,027,427)	(3,241,238)

Notes to the consolidated financial statements For the year ended 31 December 2014

23 Contingent liabilities and commitments

Legal proceedings

The Commission has contingent liabilities amounting to N620 million arising from litigation and this represents the most likely outcome as assessed by the legal counsel.

Capital commitments

The Commission has no capital commitments during the period and the capital commitment of N98.417 million as at 31 December 2013 were not fulfilled.

24 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.

24.1 Key management personnel compensation

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

	Group		The Commission	
	31 December 2014 N' 000	31 December 2013 N' 000	31 December 2014 N' 000	31 December 2013 N' 000
Short term benefits /executive compensation	238,402	221,499	238,402	221,499
Post employment benefits	23,085	38,509	23,085	38,509
	<u>261,487</u>	<u>260,008</u>	<u>261,487</u>	<u>260,008</u>

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

	Group		The Commission	
	31 December 2014 N' 000	31 December 2013 N' 000	31 December 2014 N' 000	31 December 2013 N' 000
Senior management	72	72	72	72
Management	289	284	289	284
Non management	234	230	234	230
	<u>595</u>	<u>586</u>	<u>595</u>	<u>586</u>

24.2 Balances with related parties

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

		31 December 2014 N' 000	31 December 2013 N' 000	31 December 2014 N' 000	31 December 2013 N' 000
Group	Nature of balance				
Executive Commissioner	Loan	9,183	12,190	9,183	12,190
Executive Commissioner	Loan	9,756	12,947	9,756	12,947
Executive Commissioner	Loan	10,000	-	10,000	-
		31 December 2014 N' 000	31 December 2013 N' 000	31 December 2014 N' 000	31 December 2013 N' 000
The Commission	Nature of balance				
Executive Commissioner	Loan	9,183	12,190	9,183	12,190
Executive Commissioner	Loan	9,756	12,947	9,756	12,947
Executive Commissioner	Loan	10,000	-	10,000	-
Capital Market Development Fund	Funds Payable	765,000	765,000	765,000	765,000
National Investors Protection Fund	Accrued Charges	6,148	6,148	6,148	6,148
Nigerian Capital Market Institute	Funds Payable	1,560,734	2,591,034	1,560,734	2,591,034

None of the loans to key management personnel is past due nor impaired. Hence no provision was required in 2014 (2013: 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 Funds to related parties arise mainly from funding arrangement between the Commission and Fund. They are short term in nature.



Notes to the consolidated financial statements

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25 Interests in structured entities

The Board of Commissioners approved a transfer out of accumulated fund of N5bn for the National Investor Protection Fund (NIPF) and N5bn for the Capital Market Development Fund (CMDf). The total amount of N10bn (N5bn each) was maintained as a reserve for each of the funds in the Commission equity. Additionally, the Commission incorporated the Nigerian Capital Market Institute (NCMI) as a separate entity to facilitate the growth and development of the Nigerian capital market through training and N5bn was set aside during the 2013 financial year.

Principal consolidated structured entities

Name of entity	Country of incorporation and place of business	Principal activity	31 December 2014	31 December 2013
			N '000	N '000
Capital Market Development Fund	Nigeria	Development of the Capital Market	5,000,000	5,000,000
National Investor Protection Fund	Nigeria	Investors Protection against losses	5,000,000	5,000,000
Nigerian Capital Market Institute (NCMI)	Nigeria	Capital Market information dissemination	5,000,000	5,000,000

Existence of control

Control is evidenced by the substance of the relationship between the Commission and the structured entities which includes;

- (i) the provision of initial funding for the operations and continued existence of the structured entities;
- (ii) the provision of the guarantee on which these structured entities were established (by the Commission);
- (iii) the fact that the Commission was involved in the design of the structured entities;
- (iv) the subscribers to the memorandum of association and the existing key management personnel (directors) of the structured entities are all employees of the Commission; and
- (v) the Commission have a commitment to ensure that the structured entities operate as designed.

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 Funds operated by the Nigeria Stock Exchange) who suffer losses due to systematic failures in the capital market. The National Investors Protection Fund has no shareholding structure.

The Commission provided the guarantee when the National investors Protection Fund was registered by the Corporate Affairs Commission and the subscribers to the memorandum of association at inception were all senior officials of the Commission.

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 has a interest in the Nigerian Capital Market Institute which points towards the existence of control. This is reflected by the following:

- a) The key management personnel of the Institute are senior officers of the Commission i.e. the NCMI depends on the Commission for key management personnel. There are no external members appointed so far as the board of directors is yet to be duly constituted in line with the Articles of Association;
- 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 over NCMI to affect the returns from the operations of the Investee, i.e. the Commission can determine the compensation policy, quantum of funds available for that purpose by injecting more resources. e.t.c

Under IFRS 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.

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

The nature of risks associated with the Commission's interests in these funds is significantly in the provision of funding for their initial take off and subsequent maintenance. The Commission is committed to ensuring that the funds performed as designed and could be exposed to risk of non performance of these funds in event that they fail to discharge of their stated functions. The other risk lies with the guarantee the Commission provided on incorporation of some the entities (the Commission will provide further guarantee when the CMDf is incorporated). These activities exposes the Commission to potential adverse risks as the Commission might be required to inject more funds into the structured entities so as to continue as a going concern.

During the year 2013, the Commission set aside a total of N15 billion to the three structured entities as start up funding and is committed to providing more funds in future so as to ensure the sustainability of these funds. In the same vein, the Commission is committed to assisting the funds meet their cash and other funding requirements in the near future.

Significant restrictions

The income and property of the NIPF, CMDf and NCMI shall be applied solely towards the promotion of the objects of the funds as set forth in the respective memorandums of association, and no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise howsoever, to the Commission or other members of the funds.

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

Notes to the consolidated financial statements

For the year ended 31 December 2014

26 Prior period corresponding balances

Certain prior period balances have been reclassified in line with current period presentation due to the following reasons:

- Interest income and other operating income - to show the reclassification of interest on staff loans from other operating income to interest income.
- Staff loans and other receivables - the separation of provisions for staff loans from provisions for receivables and sundry debtors and distinction of staff loans (non-current) from other receivables which are now reporting under current.
- Sundry and other creditors and provisions - the reclassification of accrued charges (accruals) from provisions to sundry and other creditors.

The reclassification as shown below are not material enough to impact significantly the result of operations of the Group and the Commission for 2013, therefore the Group and the Commission did not prepare a third statement of financial position.

(i) Interest income and other operating income

Group

"December 2013

Balance previously reported
Reclassified to staff loans

N'000

123,676

123,146

530

The Commission

"December 2013

Balance previously reported
Reclassified to staff loans

N'000

123,676

123,146

530

(ii) Staff loans and other receivables

Group

"December 2013

Balance previously reported
Reclassified to impairment of staff loans

N'000

(104,309)

(57,828)

(46,481)

The Commission

"December 2013

Balance previously reported
Reclassified to impairment of staff loans

N'000

(104,309)

(57,828)

(46,481)

(iii) Receivables from penalties and fines

Group

"December 2013

Balance previously reported
Reclassified to other receivables

N'000

157,024

42,024

115,000

The Commission

"December 2013

Balance previously reported
Reclassified to other receivables

N'000

163,172

48,172

115,000

(iv) Provision for accrued charges

Group

"December 2013

Balance previously reported
Reclassified to sundry and other creditor

N'000

1,483,343

863,343

620,000

The Commission

"December 2013

Balance previously reported
Reclassified to sundry and other creditor

N'000

1,483,343

863,343

620,000

Notes to the consolidated financial statements For the year ended 31 December 2014

Statement of financial position as at 31 December 2014

	The Commission N'000	National Investors Protection Fund N'000	Capital Market Development Fund N'000	Nigerian Capital Market Institute N'000
Assets				
Non-current assets				
Property and equipment	3,582,272	-	-	-
Intangible assets	29,808	-	-	-
Interest in structured entities	15,000,000	-	-	-
Staff loans and other receivables	808,004	-	-	-
Held to maturity financial assets	7,595,522	-	765,000	1,579,194
Prepayments	2,564,618	-	-	-
Retirement benefit assets	-	-	-	-
Total non-current assets	29,580,224	-	765,000	1,579,194
Current assets				
Staff loans and other receivables	292,765	-	-	-
Held to maturity financial assets	3,666,617	-	-	-
Cash and bank balances	1,193,027	5,728,739	410,293	3,859,246
Total current assets	5,152,409	5,728,739	4,884,439	3,859,246
Total assets	34,732,633	5,728,739	5,649,439	5,438,440
Equity				
Capital fund	496,858	-	-	-
Capital reserve fund	447,676	-	-	-
Accumulated reserve fund	29,415,038	720,924	647,772	434,095
Total equity	30,359,572	5,000,000	5,000,000	5,000,000
Liabilities				
Current liabilities				
Sundry and other creditors	3,691,834	7,815	1,667	4,345
Provision for accrued charges	620,000	-	-	-
Retirement benefit obligations	61,227	-	-	-
Total liabilities	4,373,061	7,815	1,667	4,345
Total equity and liabilities	34,732,633	5,728,739	5,649,439	5,438,440

Statement of profit or loss and other comprehensive income

	The Commission N'000	National Investors Protection Fund N'000	Capital Market Development Fund N'000	Nigerian Capital Market Institute N'000
Fee income from operations	6,928,650	-	-	-
Interest Income	1,263,270	495,990	438,737	328,693
Other Income	2,007	2	3	18,460
Total income	8,193,927	495,992	438,740	347,153
Employee benefits expense	5,004,534	-	-	-
Depreciation and amortisation expenses	455,129	-	-	-
Other operating expenses	3,815,651	1,670	1,679	1,667
Total expenditure	9,275,314	1,670	1,679	1,667
Deficit/(income) for the year	(1,081,387)	494,322	437,061	345,486
Other comprehensive income				
Items that will not be reclassified to profit or loss	(269,024)	-	-	-
Remeasurement gain on defined benefit scheme	(269,024)	-	-	-
Other comprehensive income for the year	(1,350,411)	494,322	437,061	345,486
Total comprehensive income for the year	(2,431,801)	988,644	874,122	690,972

Statement of cash flows for the year ended 31 December 2014

Net cash used in operating activities	(1,027,427)	495,989	438,728	1,358,993
Net cash from/(used in) investing activities	(1,335,394)	-	-	-
Net cash from/(used in) financing activities	(2,362,821)	495,989	438,728	1,358,993
Net (decrease) / increase in cash and cash equivalents	7,222,465	5,232,750	4,445,711	2,497,576
Cash and cash equivalents at start of year	4,859,644	5,728,739	4,884,439	3,856,569
Cash and cash equivalents at end of year	4,859,644	5,728,739	4,884,439	3,856,569

	The Commission N'000	National Investors Protection Fund N'000	Capital Market Development Fund N'000	Nigerian Capital Market Institute N'000
Cash and cash equivalents	2,176	-	-	-
Cash in hand	1,190,851	5	3	-
Cash and bank balances	3,666,617	5,728,734	4,474,143	3,856,569
Placements with financial institutions	-	-	410,293	-
Treasury bills	-	-	-	-
Cash and cash equivalents at end of year	4,859,644	5,728,739	4,884,439	3,856,569

Corporate Head Office

SEC Tower
Plot 22, Samuel Adesujo Ademulegun Street,
Central Business District
P.M.B. 315, Garki Abuja

Lagos Zonal Office

No 3, Idejo Street,
Off Ademola Odeku Street,
Victoria Island Marina
P.M.B. 12638,
Lagos

Kano Zonal Office

African Alliance House (4th Floor)
F1, Sani Abacha Way/Airport Road
Opposite KLM Airlines
Kano

Port Harcourt Zonal Office

First Bank Building
22/24 Aba/ Port Harcourt Road
Port Harcourt