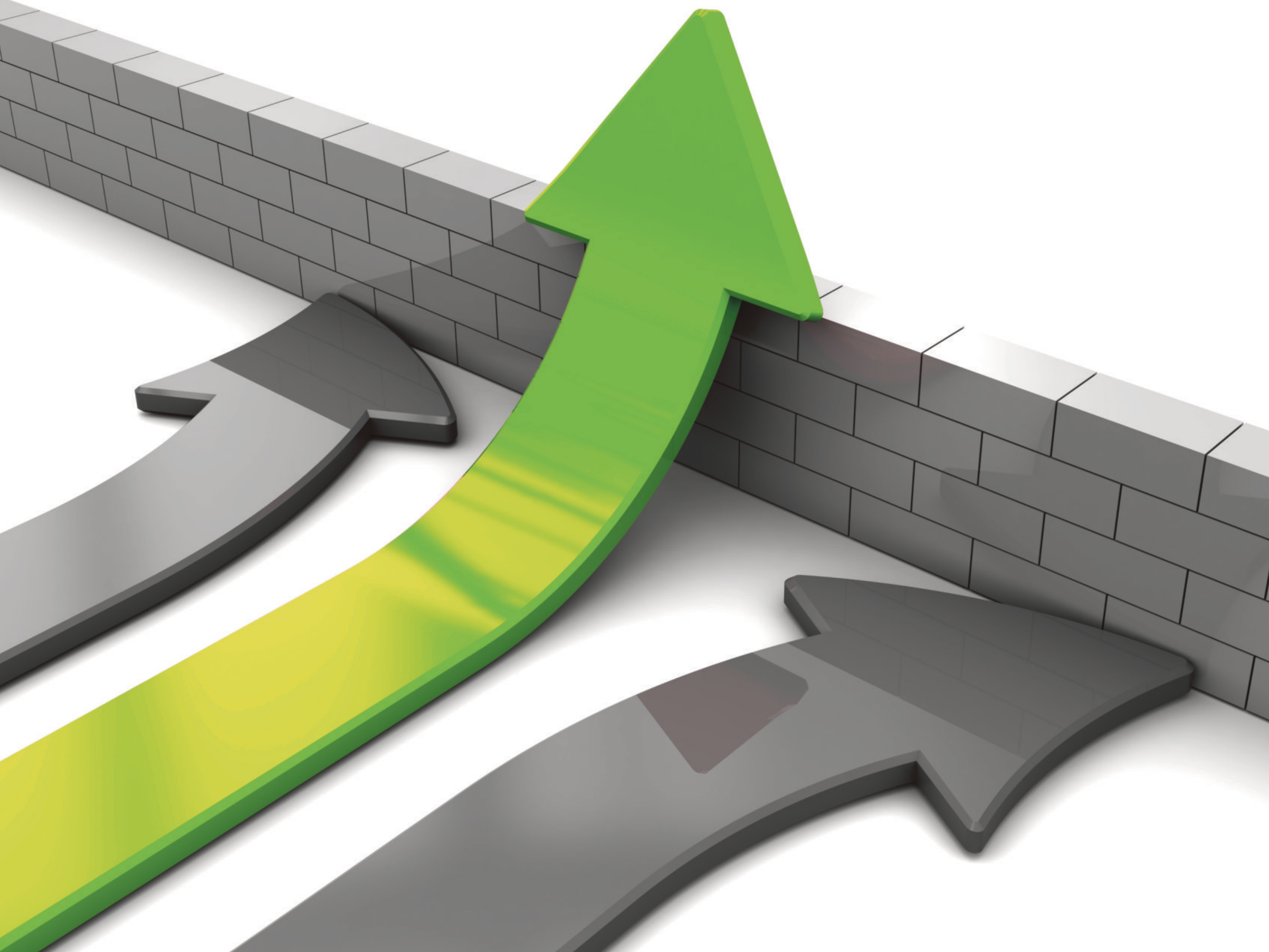
CSCS

RC 201018

CENTRAL SECURITIES CLEARING SYSTEM PLC

GROWTH REIMAGINED

2016 ANNUAL REPORT & FINANCIAL STATEMENTS



CELEBRATING EXCELLENCE

The upgrade from **A-** to **A** by **Thomas Murray Data Service**s is yet another significant milestone towards becoming a globally respected and leading Central Securities Depository in Africa.

Over the years, we have taken risk management, good governance and transparency to be of utmost importance and now, our pursuit of excellence has been recognised.

CSCS

RC 201018

CENTRAL SECURITIES CLEARING SYSTEM PLC

www.cscsnigeriaplc.com

Thomas Murray
Data Services

Vision

To be the globally respected and leading Central Securities Depository in Africa

Mission

We create value by providing securities depository, clearing, settlement and other services, driven by innovative technology and highly skilled workforce.

contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting of members of CENTRAL SECURITIES CLEARING SYSTEM (CSCS) PLC will hold at The Nigerian Stock Exchange (NSE) Event Centre, 20th Floor, The Stock Exchange House, 2/4 Customs Street, Lagos on Wednesday 14 June, 2017 at 11.00 a.m. in order to transact the following businesses:

A. ORDINARY BUSINESS

1. To receive the Group's Audited Financial Statements for the year ended 31 December 2016, the Auditor's Report and the Audit Committee Report thereon;
2. To declare a dividend;
3. To re-elect Mr. Oscar N. Onyema *OON* as a Non-Executive Director;
4. To re-elect Mr. Haruna Jalo-Waziri as a Non-Executive Director;
5. To elect Mr. Uche Ike who was appointed as a Non-Executive Director by the Board;
6. To elect Mr. Eric Idiahi who was appointed as a Non-Executive Director by the Board;
7. To authorize the Directors to fix the remuneration of the Auditors;
8. To elect/re-elect members of Audit Committee;

Dated this day **18th of May, 2017**

BY THE ORDER OF THE BOARD

Charles I. Ojo
Company Secretary
FRC/2014/NBA. 00000006051

NOTES:

a) Proxy
A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not also be a member. Shareholders can pick up a blank proxy form from our offices and/or the offices of the Company's Registrars, Africa Prudential Registrars Plc, No. 220 B, Ikorodu Road, Palmgrove, Lagos. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at same offices of the Registrars not later than 48 hours prior to the time of the meeting.

b) Closure of Register
The Register of members will be closed from 31 May 2017 to 5 June, 2017 (both days inclusive)

c) Dividend
A total dividend of N1,050,000,000 (One Billion Fifty Million Naira) that is 21k (Twenty-One Kobo) per share has been recommended by the Board for approval. If approved by Shareholders at the Annual General Meeting, the payment will be made on 14 June 2017 to Shareholders whose names appear on the Company's Register of Members as at 30 May 2017.

d) Audit Committee Members
In accordance with section 359(5) of the Companies and Allied Matters Act, Cap. C20, Laws of the Federation of Nigeria, 2004, any Shareholder may nominate another Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary/Legal Adviser, at least 21 days before the Annual General Meeting.

e) Biographical Details of Directors for Election
Biographical details of directors standing for election are provided in the Annual Report.

Website
A copy of this Notice and other information relating to the meeting can be found at **https://www.cscsnigeriaplc.com**

CORPORATE INFORMATION

Board of Directors:	Mr. Oscar N. Onyema *OON*	Chairman
	Mr. Adebola Adeeko	Interim CEO
	Mrs. Ifueko M. Omoigui Okauru *MFR*	Independent Director
	Mr. 'Sola Adeeyo	Independent Director
	Mr. Haruna Jalo-Waziri	Non-Executive Director
	Mr. 'Bayo Olugbemi	Non-Executive Director
	Mr. Obinna Nwosu	Non-Executive Director
	Mr. Omokayode Mudathir Akintola Lawal	Non-Executive Director
	Mr. Emeka Madubuike	Non-Executive Director
	Mr. Ariyo Olushekun	Non-Executive Director
	Mr. Uche Ike	Non-Executive Director
	Mr. Eric Idiahi	Non-Executive Director
Registered Office:	**Central Securities Clearing System Plc** 1st Floor, The Nigerian Stock Exchange Building No. 2/4, Custom Street Marina, Lagos	
Company's registration number:	201018	
Company secretary:	Charles I. Ojo	
Independent auditor:	**KPMG Professional Services** KPMG Tower Bishop Aboyade Cole Street Victoria Island PMB 40014, Falomo Lagos	
Bankers:	Access Bank Plc Fidelity Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Stanbic IBTC Bank Plc Sterling Bank Plc United Bank for Africa Plc Union Bank of Nigeria Plc Zenith Bank Plc	
Registrar:	**Africa Prudential Registrars Plc** 220B Ikorodu Road Palmgrove Lagos	
Actuary:	**Alexander Forbes Consulting Actuaries Nigeria Limited** Rio Plaza, 2nd Floor, Plot 235, Muri Okunola Street Victoria Island, Lagos FRC/2012/0000000000504	

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	2016* N'000	2015 N'000	Change %
Total Income	6,174,003	-	-
Total Expenses	2,406,457	-	-
Profit Before Tax	3,724,196	-	-
Profit After Tax	3,532,956	-	-
as at 31 December			
Non-Current Assets	20,614,355	-	-
Current Assets (net)	5,469,642	-	-
Total Assets	27,065,339	-	-
Share Capital	5,000,000	-	-
Shareholders' Fund	26,083,997	-	-
Per Share Data			
Basic Earnings Per Share (kobo)	71	-	-
Net Assets Per Share	522	-	-
Number of Employees	106	-	-

Company	2016 N'000	2015 N'000	Change %
Total Income	6,174,003	7,601,777	(18.78)
Total Expenses	2,386,588	2,586,060	(7.71)
Profit Before Tax	3,787,415	5,015,717	(24.49)
Profit After Tax	3,596,175	4,460,300	(19.37)
as at 31 December			
Non-Current Assets	20,699,953	16,166,240	28.04
Current Assets (net)	5,447,263	7,651,950	(28.81)
Total Assets	27,138,558	25,401,581	6.84
Share Capital	5,000,000	5,000,000	-
Shareholders' Fund	26,147,216	23,818,190	9.78
Per Share Data			
Basic Earnings Per Share (kobo)	72	89	(19.10)
Dividend Per share	21	26	(19.23)
Net assets per share (kobo)	523	476	9.78
Number of Employees	105	102	2.94

* This is the first year of the Group's reporting of Consolidated and Separate Financial Statements.

CHAIRMAN'S STATEMENT

"Having a solid foundation in the depository business with over two decades of experience at our disposal, we believe that the stage is set for replicating our business in the insurance industry."

- **Oscar N. Onyema** *OON*, Chairman, CSCS

Dear Shareholders, Board Members and Stakeholders in the Nigerian capital market, ladies and gentlemen, welcome to the 23rd Annual General Meeting of our company. As Chairman of the Board, I would like to give a review of the economy of 2016, our business environment, laudable achievements recorded within the year and our outlook for 2017.

2016 was a challenging year for the Nigerian economy. We continued to face an uncertain and volatile economic, political and regulatory landscape as financial market institutions sought to adapt to new regulatory requirements and changing macro-economic conditions. Notwithstanding these challenges, our businesses delivered a solid performance, emphasising our strong fundamentals as well as the effective execution of our business strategy.

THE MARKET: TRENDS THAT SHAPED 2016

We commenced 2016 with guarded optimism, considering the slump in oil prices from the previous year. The decline in oil prices saw the domestic macro-economic environment in 2016 evolve into the most challenging so far.

The recession followed a sharp decline in the price of crude oil to $43.8 per barrel in 2016 from $52.7 per barrel in 2015 as global demand waned, thus resulting in depletion of our foreign reserves. This situation, consequently, led to a weaker currency and double digit inflation of 18.6%. Over the course of the year, the Naira depreciated in value moving from N197 to between N297 and N305 per dollar in the official market, which could hardly meet public demand.

In the same year, the weak oil price coupled with the militancy-induced crash in crude oil output triggered

CHAIRMAN'S STATEMENT

another round of foreign exchange scarcity. So severe was the dollar shortage that it resulted in a wave of plant closures, mass layoffs and clampdown on collective demand, both in the public and private sectors. Our business was not insulated from the effects of these factors as we faced setbacks in the timelines set for the launch of our new Central Securities Depository (CSD) platform, due to constraints in sourcing needed foreign exchange to meet financial obligations to our vendors. This scarcity further increased the projected gross spend estimated on the project (Project Meridian). We have, however, remained dogged in our plans to place our company at par with world class CSDs in terms of qualitative service delivery, highly scalable technology and an attractive bouquet of product offerings. We have set 2017 as the date for the platform to "go live".

Capital markets are often reflective of the economies where they are established. In 2016, the Nigerian capital market held true to this statement. The prolonged economic downturn directly impacted an array of products and asset classes on the Nigerian Stock Exchange (the NSE). According to information made available by Proshare, the NSE Industrial Index recorded the steepest drop of the year at 26.37%, as a result of severe difficulties faced by companies in accessing capital for imported raw materials. In the Exchange Traded Funds (ETFs) market, tracking to this methodology, the Vetiva Industrial ETF recorded the largest price decline in 2016 of 20.51% when compared to ETFs in other sectors. On the flip side, the NSE's NewGold ETF saw a sharp increase as its value climbed by 94.73% during the year, a clear indication of investors' flight to safety sentiments. Generally, we saw 19.41% increase in ETF AUM listed on the exchange from 2015 to 2016, primarily due to the listing of the Vetiva S&P Nigerian Sovereign Bond ETF.

Further indication of the equity market's link to economic dynamics is reflected in the drop in NSE Oil/Gas Index which declined 12.31%, mimicking the 22.01% drop in real GDP of the oil sector by Q3'16 driven by output and distribution complications. Real Estate Investment Trusts (REITs) declined by 49.48% and 47.10% in value and volume traded respectively,

N6.17bn

GROSS EARNINGS FOR THE YEAR 2016

N3.79bn

PROFIT BEFORE TAX FOR THE YEAR 2016

N27.13bn

TOTAL ASSETS AS AT 31 DECEMBER 2016

reflecting the macro-economic impact of the real estate sector which declined by 7.37% in terms of GDP. Inflation had a converse effect on activities in the fixed income market during the year. Inflation spiked above 18% by Q4'16, driven by rising prices of imports and structural deficiencies in power, transportation, and production. The high rate of inflation forced the Central Bank of Nigeria (CBN) to raise interest rates to 14% in July 2016. Consequently, the value of bonds in the market depreciated, increasing investors' appetite for portfolio diversification via interest rate products selling at discounts.

This resulted in a 137% increase in the value of bonds traded on the NSE in 2016, admittedly from a low base. We also saw a 31.17% improvement in bond issuance during the year.

2016 FINANCIAL SCORECARD

Our Group recorded a decline during the 2016 financial year with gross earnings dipping from N7.6billion in 2015 to N6.17billion in 2016 and profit-before-tax reducing to N3.72billion in 2016 from N5.02billion in 2015. Total assets, as at December 2016, stood at N27.07billion, representing an increase over the N25.40billion recorded in 2015.

Given this performance, the Board of Directors has proposed a final dividend per share of 21k.

STRATEGIC ACHIEVEMENTS

We understand that building a sustainable organisation is about the underlying desire to make the right decisions that enable us remain in good stead today and in the future. We think about this in a variety of ways, knowing that at every point in time, we are where we are because of the quality of our past decisions. To this end, the Board and Management have continued to work together to ensure alignment in our strategic pillars with visible business outcomes. The Board has also worked hard to improve the company's corporate governance standards over the years. Full details of our achievements can be gleaned from our Corporate Governance Report to Shareholders at this Annual General Meeting (AGM).

STRATEGIC ALLIANCES

We have successfully established strategic alliances with peer Central Securities Depositories (CSD) within the region and beyond, with the objective of gathering intelligence on best practices and products to ensure that we sustain value creation for our customers. These alliances have proven to be good investment of time and resources, and we look forward to applying the learnings to improve our business.

DIVERSIFYING INCOME STREAMS

Having a solid foundation in the depository business with over two decades of experience at our disposal, we believe that the stage is set for replicating our business in the insurance industry. Consequently, our company has registered the Insurance Repository Nigeria Limited (IRNL) as a going concern, and its business objective is to enhance the record-keeping of insurance data and policies.

The Pension Contribution Management System (PCMS) is another one of CSCS' firsts which would be beneficial to both formal and informal businesses. The system is currently in use by our company and other companies, that agreed to be part of our test participant forum to efficiently manage their employees' pension contribution. The PCMS will be fully available to the market before the end of the third quarter of 2017. The beauty of the PCMS is the ease of its use and its integrated platforms, which include a mobile app for smart phone users and an activated USSD code feature that enables our customers stay abreast of their pension contributions on the go.

BOARD OF DIRECTORS

During the year, Mr. Kennedy Uzoka retired from the Board having been appointed Group Managing Director of United Bank for Africa (UBA) Plc. Mr. Uzoka made an indelible impression on us, his colleagues, on the Board. We appreciate his well-considered and valuable contributions to Board's deliberations, and his genuine love and respect for CSCS. He will be sorely missed. The Board subsequently appointed Mr. Uche Ike in November 2016. Mr. Uche Ike is the Chief Risk Officer of UBA and has a wealth of experience which will be valuable to the Board.

The Board also approved the appointment of Mr. Eric Idiahi of Verod Capital Management Limited as director of CSCS. Mr. Idiahi brings with him a wealth of experience in business, finance and technology.

During the year, the Board accepted the early retirement of the Managing Director, Mr. Kyari Bukar, after five years of meritorious service. We are very appreciative of Mr. Bukar's contributions to the delivery of CSCS' strategic goals during his tenure. His good work has resulted in our company's steady growth as shown in its impressive financial metrics as well as its operational efficiency. We wish him the very best in his future endeavours. We have appointed Mr. Bola Adeeko as interim CEO while we conduct a transparent CEO search.

CHAIRMAN'S STATEMENT

> Our people are the nucleus of our business, and we are committed to ensuring that we recruit and retain the best in class employees who can deliver on the company's goals and objectives...

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility remained a key part of our operating model during the year, as we continued to support high impact initiatives with tangible benefit to our societies. Our Corporate Social Responsibility interventions for the year 2016 cut across community development, capital market, stakeholder support and education.

OUTLOOK

We remain focused on our commitment to service, excellence and sustainable business practices. As you may be aware, we are one of the highest rated CSDs in Africa with an "A" rating from Thomas Murray, the world renowned CSD rating agency. We are working very hard to continue improving our rating, and hope that this achievement will lend additional credence to the collective effort of making our markets the preferred investment destination in Africa.

Our people are the nucleus of our business, and we are committed to ensuring that we recruit and retain the best in class employees who can deliver on the company's goals and objectives as we strive to position CSCS as the globally respected and leading CSD in Africa.

ACKNOWLEDGEMENT

I thank the entire workforce and my colleagues on the Board for their immeasurable contributions. I also thank our shareholders, for the support you have shown us during the year. Be rest assured that we will continue to work hard to sustain our promise of impressive return on investments through the years.

Oscar N. Onyema OON
Board Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Distinguished Shareholders, I am privileged to report to you as Interim Chief Executive Officer on your Group's performance in the year under review. 2016 was indeed an all-around tough year because of the prevailing macroeconomic realities during the period.

Though CSCS was not insulated from these realities, I am proud to say we did our best to navigate the labyrinth and emerge with relatively decent financial results and other achievements to round off the year.

Premised on the above, please indulge me as I take you through the highlights of our performance and achievements in 2016:

FINANCIAL HIGHLIGHTS

During the year, there was momentary hope when the Nigerian economy rallied due to the slight increase in crude oil price. However, the economy still faced foreign exchange problems and the exodus of foreign portfolio investors. The market was also negatively affected by the unstable and unpredictable Naira exchange rate regime which discouraged foreign investors from the capital market.

Thus, projected earnings from clearing and settlement services provided to capital market participants, which constitute 26.4% of our income lines, declined by 38.61% from N2.66billion in 2015 to N1.63billion in 2016. Data from the Nigerian Stock Exchange (NSE) as at December 31, 2016 showed the equity market capitalization, which opened for the year at N9.850 trillion, lost N604 billion to close at N9.246trillion due to huge price losses suffered by stocks of quoted companies.

These outcomes were unfavourable to our financial performance and led to a drop in our gross income by 18.78% in 2016, with total earnings of N6.17billion as opposed to N7.6billion in 2015. The operating expenses stood at N2.41billion in 2016 compared to N2.59billion in 2015. This indicates a decrease of 6.59% from the previous year. The year ended on a profitable note with our Profit-After-Tax at N3.53billion; though this is a decline of 20.85% from the preceding year's figures of N4.46billion due to significant investments made towards our new CSD infrastructure, Insurance Repository business and the Pension Contribution Management System (PCMS).

CSCS OPERATIONS AND MARKET REVIEW FOR 2016

Settlement Statistics

The market capitalization in the year under review stood at N16.19 trillion (Equities 57.19%, Bonds 42.78% and ETFs 0.03%) indicating a negligible increase of 0.76% from the previous year's position.

In the NSE market, the total value of securities (equities, bonds and ETFs) settled declined by 39.47%, from N953.4billion in 2015 to N577.10billion in 2016. However, the volume of securities settled increased from 92.86billion units to 95.83billion units, representing a 3.20% increase from the previous year.

Figures 1 & 2 depict the yearly total volume and value of securities cleared and settled. In 2016, the NSE equities accounted for 99.20% of the total value settled. The market concentration report showed that 204 of 257 listed securities were traded on the floor of the Nigerian Stock Exchange (NSE) and that 20 of the traded securities contributed 88.2% of the total value of securities that were cleared and settled in the year under review.

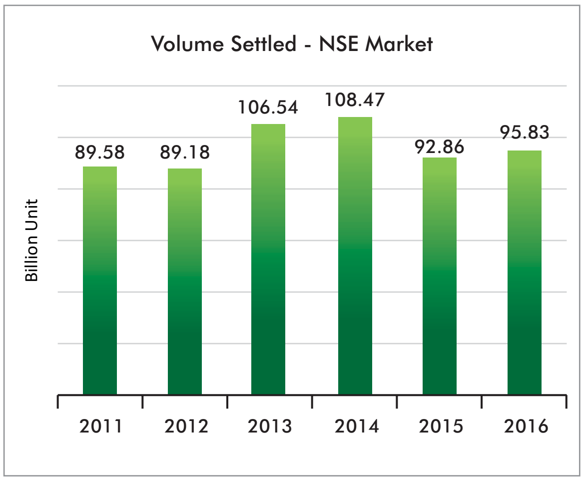


Fig. 1: Volume of Securities Settled (Y-O-Y)

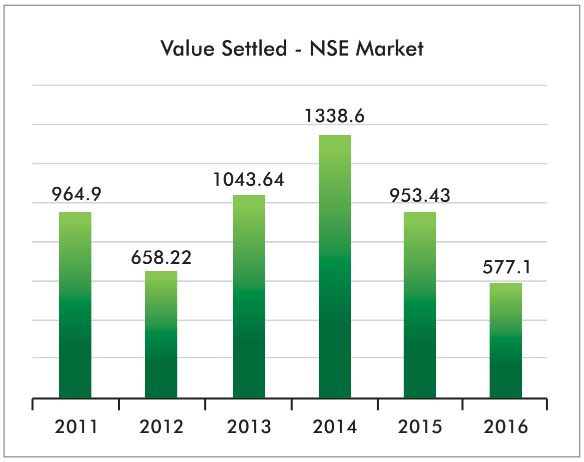
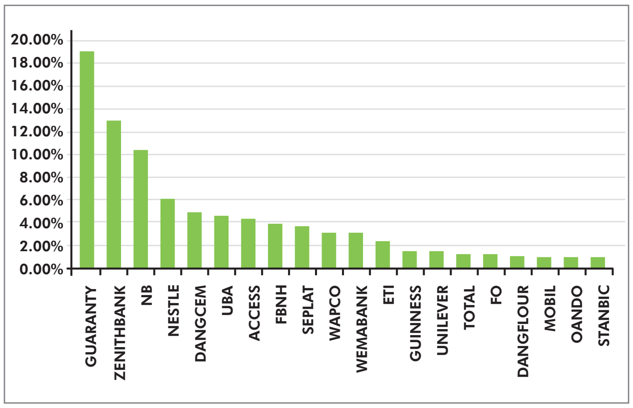


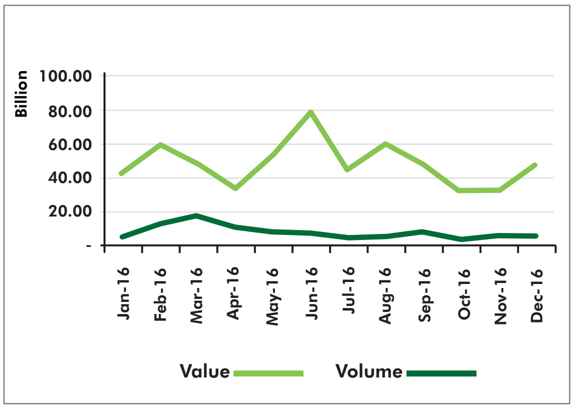
Fig. 2: Value of Securities Settled (Y-O-Y)

Regarding the National Association of Securities Dealers (NASD) OTC market, CSCS recorded a significant decrease in the value of equities (OTC) settled from N50.92billion to N4.68billion, indicating a decrease of 91% over the previous year. Friesland Campina WAMCO Nigeria Plc's accounted for the surge recorded in 2015. Also, there was a decrease in the volume settled from 1,895million units in 2015 to 800million in 2016, representing a decrease of 58% over the previous year. However, there was an increase in the number of deals from 2,204 in 2015 to 4,870 in 2016, which represents an increase of 121%.

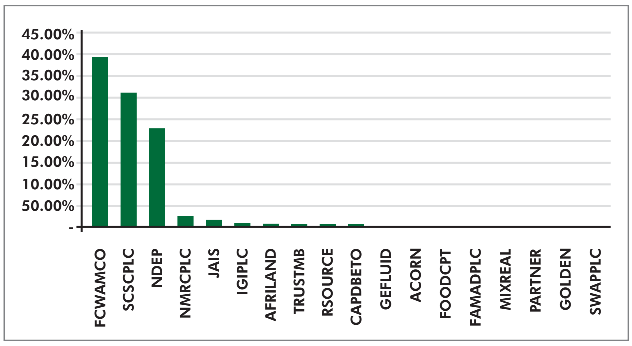
CHIEF EXECUTIVE OFFICER'S REVIEW



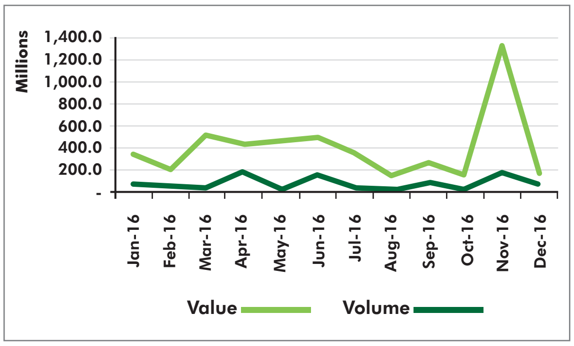
Market concentration by top 20 traded securities in the NSE market



Monthly Volume and Value of Securities Settled in the NSE Market 2016



Market concentration by top 20 traded securities in the NASD market



Monthly Volume and Value of Securities Settled in NASD Market 2016

In the NSE market, a total of 794,687 units of Federal Government bonds valued at N922.69million were traded during the year 2016 in 226 deals. The total volume and value settled increased by 230.67% and 276.4 % respectively compared to 2015 records.

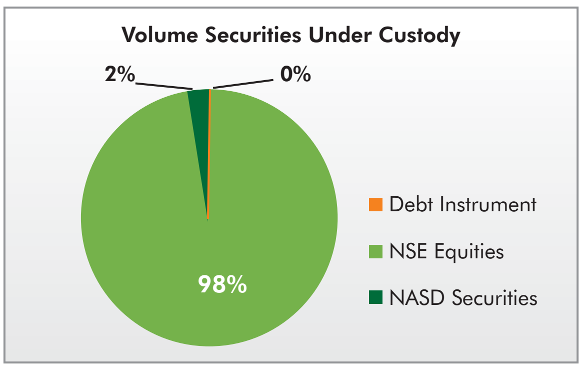
DEPOSITORY STATISTICS

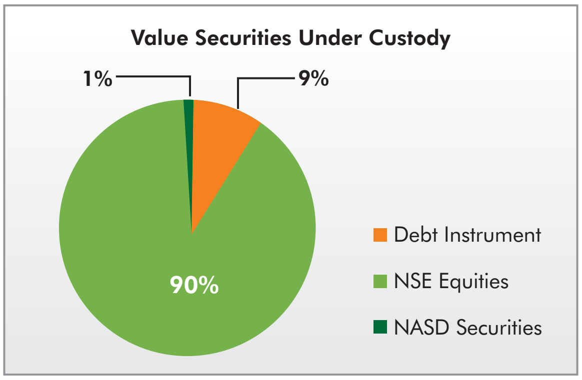
Full Dematerialization of Share Certificates

Full dematerialization was realized as at year end 2016, with a total of 188 out of 189 registers dematerialized, representing 99.5% of the total Registers in the Capital Market. We are confident that the balance of 0.5% can be achieved through sustained moral suasion to get the remaining issuer and its registrar to co-operate in getting registers of companies fully dematerialized.

Assets Under Custody

The total volume of securities held in our depository decreased by 1.6%, from 979.7 billion units in 2015 to 964.0 billion units in 2016. Also, the value of securities decreased by 50.95%, from N20, 197.6 billion in 2015 to N9, 906.6 billion in 2016. The assets comprises: NSE Equities, Debt instruments and NASD admitted securities.





The decline of 50.95% in the value of assets under custody was due to the withdrawal of Federal Government of Nigeria (FGN) Debt securities (bonds) from CSCS to the Central Bank of Nigeria (CBN) after the introduction of S4 (Scripless Securities Settlement System).

NEW SECURITIES

In the equities and debt markets, CSCS assigned symbols for 54 (2015:48) new securities to facilitate listing and trading on the floors of the Exchanges. This achievement would further promote the array of securities which investors can choose from as they participate in the Nigerian capital market. On the NSE platform, the new securities comprise equities, exchange traded funds (ETF), and commercial papers. At the NASD, the number of new securities for which symbols were assigned stood at seven.

New Securities	2016	2015
Bonds	15	9
Equities (NSE)	1	1
Equities (NASD)	7	7
Commercial Papers	28	30
ETF (NSE)	3	1
Mutual Funds (NSE)	0	0
Total	**54**	**48**

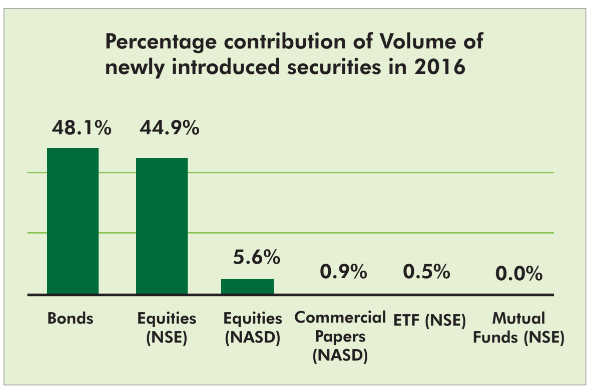


Fig. 5: Records of Newly Introduced Securities in 2016

NOTABLE ACHIEVEMENTS

Both the Board and Management put in tremendous time and resources in crafting the company's 5-year corporate strategy plan which became effective in 2012. In ensuing years, more work has been done to ensure that the company's strategy continues to take cognizance of changes and opportunities in our business environment. To this end, we have reimagined the future of our business environment and continue to refocus our business model to support our strategic objectives. We are conscious of our time-tested track record in depository, clearing and settlement services, and therefore continue to scan our environment for opportunities in other business sectors to replicate this feat. Based on this drive, we have our proposed Insurance Repository service offerings, which we are confident will provide immense value to documents administration in the insurance sector, and the already implemented Pension Contribution Management System (PCMS) which assures organized and speedy pension payment amongst other benefits.

STRATEGIC ALLIANCES

We have built strategic alliances with local and foreign stakeholders. Presently, we are on the cusp of extending our service offerings to incipient markets under the aegis of the West African Capital Market Initiative (WACMI). By way of additional information, WACMI is the overarching initiative to establish a harmonized framework and environment for the issuance and trading of financial securities across the West African region. As a member of WACMI, CSCS is committed to the building of an integrated market infrastructure, strong and sustainable capital market whilst enhancing integration with other capital markets. This will be in three phases namely Sponsored Access, Direct Access to Qualified West African Brokers (QWABs) and Integrated West African Securities Market (WASM). CSCS is actively involved in the technical committee of this initiative to realize the implementation of the three phases of the project. We will continue to take on lead roles in our journey towards achieving the vision of making the company the globally respected and leading Central Securities Depository (CSD) in Africa.

As part of our contribution to the development of the Nigerian Capital Market, we continue to organize capacity - building programmes for the Nigerian Police Force (NPF) and the judiciary. We believe that these training sessions are relevant for productive investigation and adjudication of capital market - related cases. We also maintain a close-knit relationship with the trade points we offer services to; and have been part of think-tanks set up, over the years, by these trade points to develop, review and set the stage for the implementation of capital market products and strategic plan(s).

PROCESS EFFICIENCIES AND PRODUCT INNOVATIONS

In collaboration with the SEC and the NSE, we introduced the Direct Cash Settlement System (DCSS) to the Nigerian capital market in 2016. This is a process where the proceeds from trades executed on the NSE settles directly into investors' bank accounts, thus reducing waiting time for investment proceeds and mitigating the risks of unauthorized sales from the market. We commenced the implementation in Q4 2015 and officially kicked off the service on 4 January 2016.

In Q4 2016, we commenced sensitization of external stakeholders (Lending Institutions and Deposit Money Banks) on CSCS' plan to offer a comprehensive collateral management solution to the market, in line with the company's strategic goal to improve processes, efficiency and boost productivity.

CSCS is registered as the Local Operating Unit (LOU) responsible for issuing Legal Entity Identifiers (LEIs) in Nigeria. We are in the process of being conferred with full LOU status. The Legal Entity Identifier (LEI) is a unified global reference code used in identifying every legal entity participating in securities transactions in the market. This code is different from the International Securities Identification Number (ISIN) code which identifies local symbols for international investors' usage. While LEI identifies all participants in securities dealings, ISIN code is used by international investors to identify our local securities.

It is worthy to mention that we designed, developed and deployed a stock detachment portal for special account holders, and a portal for migration of stocks from registrar's account to investor's account. The objective is to fast-track the detachment process and provide special account holders adequate control in the administration of transactions on their portfolios.

INFRASTRUCTURE AND INFORMATION SYSTEMS

The unprecedented connectivity of the Internet age has led to enormous social and economic benefits, but has also introduced numerous new challenges. Security threats continue to evolve which may, irreparably, damage a company's operations, brand or reputation. In line with our core value of S.E.C.U.R.E (Security, Efficiency, Confidentiality, Uprightness, Resourcefulness, Excellence), we continue to re-assess our core infrastructure and other systems to ensure they are resilient and properly ring-fenced against internal and external incursions. As part of this re-assessment, we scaled up our disaster recovery/business continuity (DR/BC) infrastructure and protocols, and continue to conduct quarterly market-wide tests with major stakeholders to ensure availability if there is a failover of primary sites.

In 2015, we announced the commencement of the project to replace our core clearing and settlement infrastructure, the Equator, with a more advanced and

CHIEF EXECUTIVE OFFICER'S REVIEW

tested software, TCS BaNCS designed by TATA Consultancy Services (TCS), India. We are happy to inform you that the project which we termed 'Project Meridian' is progressing smoothly and shall be completed in 2017.

OUR PEOPLE

Our people are the major headline of our brand. We make it a priority to hire and retain competent employees to ensure efficient and excellent service delivery. We endeavour to communicate and demonstrate that CSCS is an equal opportunity employer and does not discriminate on grounds of race, gender or religion. Our retention strategy is linked to various employee well-being initiatives in the organization. We have developed and implemented competitive welfare packages geared towards rewarding merit and encouraging work-life balance.

LOOKING AHEAD

We will continue to invest in our people, processes and infrastructure to ensure that we deliver optimum services and reward to our stakeholders and shareholders respectively. I am truly honoured and grateful to the Board for the opportunity given to me to lead this organization as its Interim CEO. I am confident of a brighter future for our company with the collective efforts and support from everyone, including you our esteemed stakeholders.

Bola Adeeko
Interim Chief Executive Officer

CORPORATE GOVERNANCE REPORT

"The real mechanism for corporate governance is the active involvement of the owners"

- Lou Gerstner (former IBM MD/CEO)

In our bid to deliver greater shareholder value, Central Securities Clearing System Plc. applies strict corporate governance standards to its business operations. This report documents the company's corporate governance practices that were in place during the Financial Year ended December 31, 2016.

Based on our commitment to this ethos, the company's Code of Corporate Governance was reviewed to align with additional legal and regulatory requirements, and global best practices to ensure we remain up – to – date. The company also has its core values which is clearly spelt out to employees in the Human Resources Manual for CSCS Staff (handbook).

The Securities and Exchange Commission's (SEC) Code of Corporate Governance, the Board Charter and the Company's Articles of Association provide a firm base for guidance on proper corporate governance as well.

The Board of Directors is responsible for the governance of the company and accountable to shareholders for creating and delivering continual value through the management of the company's business. It also ensures that appropriate levels of checks and balances are maintained to ensure that decisions are taken with the interests of capital market stakeholders and shareholders in mind.

Directors of the company possess the right balance of skills and competence needed to supervise the Management in the running of the company's operations. This creates the needed synergy as both Board and Management assiduously work to achieve the Company's set objectives.

The Board comprises 12 Directors which includes one Executive Director, who serves as the Chief Executive Officer. There is a Code of Conduct for the Board which sets the standard of business management for the Board. The Chairman is the Code Administrator for the Board. The position of the Chairman of the company and that of the Chief Executive Officer are distinct. The Chairman is responsible for ensuring that the Board successfully carries out its supervisory duties.

In addition to providing leadership to the Board, the Chairman ensures that its members are well equipped with necessary information to enable them carry out their functions effectively. The company organizes a biennial training on corporate governance for Board members as priority learning to keep the them in tune with these principles.

Significant Shareholders

Based on the register of members, no shareholder – other than the under-mentioned - held more than 5% of the issued share capital of the company as at 31 December 2016.

Shareholder	Number of Shares	Percentage Holding (%)
The Nigerian Stock Exchange	1,362,108,950	27.24
Artemis Limited (Verod Capital)	621,371,503	12.43
Access Bank Plc.	375,000,000	7.50
Ecobank Plc.	375,000,000	7.50
United Bank for Africa Plc.	268,500,000	5.37
Ess-Ay Investments Limited	250,000,000	5.00

Cross-Shareholding

CSCS does not hold shares or rights in any entity that is a shareholder of CSCS; hence we have no incident of cross shareholding, going by the definition of the term.

Compliance with Statutory Reports

The Board has ensured that all regulatory reports for 2016 - Annual Returns, Annual Reports, Half Year Returns and Quarterly Returns were promptly made to the necessary regulators.

Board Performance and Evaluation

The Board's performance on corporate governance is continually appraised by conducting an independent annual evaluation. JK Randle Professional Services performed the Board's appraisal exercise covering 2015 financial year. The Board believes that the use of an independent consultant promotes non-subjective and a dynamic evaluation of the Board's performance. Overall, the consultants' report shows that the Board's composition and the constitution of its Committees met the requirements of the SEC's Code for Corporate Governance. The expertise and experience of the Board members were noted to be adequate for the effective management of the company.

Director Nomination Process

The Board Corporate Governance and Remuneration Committee (CG&RC) has the responsibility of initiating the process for Board appointments and for identifying and nominating suitable candidates for the approval of the Board. In identifying suitable candidates, the Committee considers candidates on merit against subjective criteria and with due regard to gender and skills diversity and relevant experience.

Board Training

Upon appointment to the Board, all Directors receive an onboarding pack containing a plethora of information about the Group and its business operations. The onboarding, arranged by the Company Secretary, includes setting up meetings with senior management staff and relevant stakeholders, to take the new director through a series of presentations to assist him/her in acquiring a detailed understanding of the company's operations, its strategic plan, its business environment, its key challenges, as well as introduce the individual to their fiduciary duties and responsibilities. The Group understands the importance of continuous training and development of its directors. Having this in mind, training programmes (covering governance and technical knowledge of the business) are organized on an annual basis for effective performance of Board and Committee assignments.

Appointment, Retirement and Re-election of Directors

The Board appoints, retires and re-elects directors in line with the Companies and Allied Matters Act LFN, 2004. In 2016, the Board appointed Mr. Uche Ike as a member to the Board following Mr. Kennedy Uzoka's appointment as Group Managing Director of United Bank for Africa (UBA) Plc. That same year, the Board also approved the appointment of Mr. Eric Idiahi as one of its directors.

Pursuant to the provisions of the Articles of Association, Messrs. Onyema and Jalo-Waziri are eligible for re-election. These individuals have demonstrated their commitments as non-executive directors and have added immense value to the company.

Board Meetings

The Board meets every quarter, totalling four meetings annually. There may be need to have meetings as and when required. The Board met six times in 2016 and had a productive Board Retreat at the end of the year. The Board operates an electronic portal for the circulation of Board papers; this emphasizes its commitment to cutting costs and embracing environmental sustainability.

THE BOARD

The primary function of the Board is to provide effective leadership and direction to improve the ongoing value of the company. The Board consists of 12 members - one executive director and 11 non-executive directors – two of which are independent directors. It met six times in 2016. The record of attendance is as shown below:

Names	Meetings Held					
	25 February 2016	7 March 2016	19 May 2016	15 September 2016	17 November 2016	8 December 2016
Oscar N. Onyema	✓	✓	✓	✓	✓	✓
Kyari Bukar[1]	✓	✓	✓	✓	✓	✓
Emeka Madubuike	✓	✓	✓	✓	✓	✓
Haruna Jalo-Waziri	✓	✓	✓	✓	✓	✓
Obinna Nwosu	✓	✓	✓	✓	✓	✓
Ariyo Olushekun	✓	✓	✓	✓	✓	✓
Kennedy Uzoka[2]	✓	✓	A	A	R	R
'Bayo Olugbemi	✓	✓	✓	✓	✓	✓
Ifueko Omoigui Okauru	✓	✓	A	✓	A	A
'Sola Adeeyo	✓	✓	✓	✓	✓	✓
Omokayode Lawal	✓	✓	✓	✓	✓	✓
Uche Ike[3]	N/A	N/A	N/A	N/A	✓	✓
Eric Idiahi[4]	N/A	N/A	N/A	N/A	N/A	A

N/A: Not yet appointed R: Retired A: Absent

[1] Kyari Bukar retired as MD/CEO of CSCS effective 31 December 2016
[2] Kennedy Uzoka retired on 20 September 2016
[3] Uche Ike's appointment was approved at the Board meeting of 15 September 2016
[4] Eric Idiahi's appointment was approved at the Board meeting of 17 November 2016

CORPORATE GOVERNANCE REPORT
BOARD PROFILES

Oscar N. Onyema *OON*
Chairman, Board of Directors

Mr. Oscar N. Onyema is the Chairman of Central Securities Clearing System (CSCS) PLC, the clearing house for the Nigerian capital market. He assumed the role in 2011 after his assumption as Chief Executive Officer of The Nigerian Stock Exchange, and member of the National Council in April 2011. Prior to this, he gained over 20 years experience in both the United States' financial markets and the Nigerian information technology sector. He serves on the Boards of all four subsidiaries of The Nigerian Stock Exchange. Mr. Onyema is also the President of the African Securities Exchanges Association (ASEA), and a Board member of the National Pension Commission of Nigeria (Pencom).

He had served as the Senior Vice President and Chief Administrative Officer at the American Stock Exchange (Amex), which he joined in 2001. He was the first person of colour to hold that position, and was instrumental in integrating the Amex equity business into the New York Stock Exchange (NYSE) Euronext equity business after the latter's acquisition of Amex in 2008. He then went on to manage the NYSE Amex equity trading business, which he helped position as a premier market for small and mid-cap securities.

In 2014, Onyema was conferred with an Officer of the Order of the Niger (OON) honor in "recognition of his contribution to economic development, the transformation of The Nigerian Stock Exchange and the Nigerian capital markets". He is an alumnus of Harvard Business School having completed its Advanced Management Program. He has an MBA from Baruch College, New York and B.Sc from Obafemi Awolowo University, Ile-Ife.

Bola Adeeko
Interim Chief Executive Officer

Mr. Bola Adeeko is currently the Interim Chief Executive Officer of Central Securities Clearing System (CSCS) Plc. Before taking up this role, he was the Head, Corporate Services Division, at The Nigerian Stock Exchange, where he oversaw the Administration, Corporate Communications, Government Relations, Human Resources and Security functions.

Bola has 24 years of broad professional experience spanning various functions such as Finance, Program Management, Product Development and Sales-Relationship Management, working for large global firms such as JPMorgan Chase, First Data Corporation and Sara Lee.

Prior to joining the Nigerian bourse, he was a Vice President, Global Trade Finance at JPMorgan Chase, where he was responsible for developing new trade finance business and managing a client portfolio of Fortune 1000 companies in the oil and gas, mining and power sectors. During his 11-year stint with the bank, he also managed strategic large - scale projects and attained a Six-Sigma Black Belt certification from leading one of such efforts.

He is a member of the Executive Committee of The Exchange and the Management Liaison to the Governance and Remuneration Committee of the National Council of the NSE. He is a Director on NSE Consult (subsidiary of NSE) Board, a lifetime member of the Institute of Directors Nigeria and a Board member of the IoD Centre for Corporate Governance.

Bola holds a Master of Business Administration (MBA), majoring in Finance & Marketing from Hood College, Maryland (USA), and a Bachelor of Science (B.Sc.)

degree, majoring in Accounting from the Ogun State University, Nigeria. He is also an alumnus of Harvard Business School at the executive education level.

'Bayo Olugbemi
Non-Executive Director

Mr. 'Bayo Olugbemi is the MD/CEO of First Registrars and Investor Services Limited. He has extensive experience in the areas of Investment Banking and Portfolio Management.

'Bayo Olugbemi is a graduate of Accounting from the University of Lagos. He holds an MBA from the Lagos State University and an M.Sc in Corporate Governance from Leeds Beckett University in the UK. He is an alumnus of some of the world's top management schools like the Lagos Business School, Harvard Business School, INSEAD France, IMD Switzerland, Wharton Business School and Stanford Business School amongst others.

He is regarded as a pioneer in the Nigerian Share Registration industry, having pioneered several capital market registrar companies. He currently serves on the governing councils of several professional bodies such as the Chartered Institute of Bankers of Nigeria, Institute of Capital Market Registrars and Lagos Chamber of Commerce and Industry as well as on the Boards of several corporate organizations.

He is a trainer in leadership, management, corporate governance and ethics, business formation, capital market development and share registration as well as being a motivational speaker of high repute. He is an avid reader and author of three published books - *Advancing Through Adversity; Economic & Financial Stewardship and When Tomorrow Comes.* To his credit, he also has many unpublished works.

Mr. Olugbemi is a Senior Pastor in the Redeemed Christian Church of God, and serves as the Pastor-In-Charge of Lagos Province 21, Victory Chapel, Magodo.

'Sola Adeeyo
Independent Director

Mr. 'Sola Adeeyo is the Chairman/CEO, Astral Waters Limited. Astral Waters produce bottled, processed water in the large 20 litre bottles for sale along with hot and cold dispensers to the public, particularly the corporate niche market. Astral was the first to be certified and approved by NAFDAC in this segment of the industry and remains the leader in quality water delivery.

Mr. Adeeyo is also a director and the owner of Oakwood Park Hotel, Lekki/Epe Way, a 65 - room 4-star international hotel brand managed by Protea Hotel Group of South Africa. In 1991 Mr. Adeeyo founded Asset and Investment Limited, a financial service company whose activities included trade finance and marketing consultancy for major international companies in the petroleum and construction industries as well as banks. The company is also engaged in the business of funds management. He was its Managing Director/CEO from inception in 1991 to 2001.

From 1989 to 1991, Mr. Adeeyo was Director/Group Head Treasury of Investment Banking and Trust Company (IBTC) Limited. He was part of the founding Management/Owner Group that nurtured the bank from inception in 1989.

Ifueko M. Omoigui-Okauru *MFR*
Independent Director

Mrs. Ifueko M. Omoigui Okauru, is the Managing Partner of Compliance Professionals Plc., a strategy, change and compliance management consulting firm. She is also a Commissioner in the Independent Commission for the Reform of International Corporate Taxation (ICRICT). Previously she spent 12 years at Arthur Andersen & Co. where she became National Partner of the firm's strategy practice. She has served as Executive Chairman of Nigeria's Federal Inland Revenue Service, Chairman of Nigeria's Joint Tax Board, and part-time member of the United Nations Committee of Experts on International Cooperation in Tax Matters.

She is a founding member of the Board of Trustees of DAGOMO Foundation Nigeria, a family-based, Non-Governmental Organization currently focused on facilitating aging and dying with dignity within the community. She serves on several Boards, including Lagos State Employment Trust Fund (Chairman of the Board of Trustees); Nigerian Breweries Plc. (Independent non-Executive Director) and Seplat Petroleum Development Company Plc. (Independent non-Executive Director).

Haruna Jalo-Waziri
Non-Executive Director

Mr. Haruna Jalo-Waziri is the Executive Director, Capital Markets at the Nigerian Stock Exchange. He possesses a highly relevant and astounding career profile spanning over 20 in the capital market; he has earned a profound understanding of the various sectors and diverse fields.

His experience in the capital market covers regulation, deal origination, execution as well as investment management. He started his career at the Nigerian Stock Exchange and then moved to the Securities and Exchange Commission. He worked with Afrinvest West Africa (formerly SECTRUST) for four years, and later at Kakawa Discount House Limited to start the Asset Management Department which he transformed into a full-fledged company - Kakawa Asset Management Limited.

Mr. Jalo-Waziri joined the services of First Alliance Pension and Benefits Limited in partnership with Mcube South Africa. He, subsequently, joined the services of United Bank for Africa as MD/CEO of UBA Stockbrokers Limited and later became the MD/CEO of UBA Asset Management Limited.

He holds an MBA (Management) from Ahmadu Bello University and is an alumnus of the Lagos Business School (LBS), Venture Capital Institute of America and the University of Maiduguri (UniMaid).

Omokayode Lawal
Non-Executive Director

Mr. Omokayode Lawal began his career with former Nigbel Merchant Bank (NBM) Limited where he worked from 1987 to 2005. During this period, he excelled in various marketing roles and was subsequently appointed as the bank's treasurer.

Following the consolidation exercise and the emergence of Sterling Bank in 2006, he was again assigned to marketing to head various regions in Lagos, a testament to the confidence placed in his abilities in the field.

Mr. Omokayode Lawal is an Executive Director at Sterling Bank Plc.

He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and has professional qualifications from the Chartered Institute of Taxation of Nigeria (CITN) and Chartered Institute of Bankers of Nigeria (CIBN). He is also an alumnus of the Lagos Business School, Columbia University Graduate School of Business and University of Oxford.

Emeka Madubuike
Non-Executive Director

Mr. Emeka Madubuike is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Stockbrokers of Nigeria (CIS). He is also an authorized dealing clerk of the Nigerian Stock Exchange and a member of the Chartered Institute of Taxation (CIT). He holds a BSc (Hons) in Agricultural Economics from the University of Nigeria, Nsukka.

Mr. Madubuike has garnered over 25 years of experience in the Capital and Money markets which began at CSL Stockbrokers Limited. In 2007, he left International Standard Securities Limited to establish and manage Compass Investments and Securities Limited.

Mr. Madubuike is the former Chairman of the Association of Stockbroking Houses of Nigeria (ASHON), and a member of the Council of the CIS. He was a member of the National Council of The Nigeria Stock Exchange as well as a former director of NSE Consult Limited – a subsidiary of the Nigerian Stock Exchange. He also served as Chairman of the Investigation Panel of the Nigerian Stock Exchange.

Mr. Madubuike has been a member of committees set up by the Securities and Exchange Commission (SEC) and is currently the Vice Chairman of Annual Capital Market Retreat Committee of the Capital Market Committee. He also served on the Ministerial Committee for the Resuscitation of the Capital Market set up by the Minister of Finance.

Obinna Nwosu
Non-Executive Director

Mr. Obinna Nwosu was appointed to the Board of CSCS in February 2014. He started his career with Guaranty Trust Bank in 1994 where he spent over eight years before joining Access Bank in 2002. He has garnered over 20 years banking experience, cutting across transaction services, retail and commercial banking. He is the former Group Deputy Managing Director/Chief Operating Officer of Access Bank Plc.

He holds a Master's of Science degree in Public Administration from Colombia University in The City of New York, Master's degree in Business Administration as well as a Bachelor of Science degree in Accounting (Second-Class Upper) from the University of Nigeria, Nsukka. He has attended several executive and leadership development programs in leading institutions across the globe. He serves on the Board of the six Access Bank subsidiaries in Africa as well as Access Bank (UK) Limited.

Ariyo Olushekun
Non-Executive Director

Mr. Ariyo Olushekun is a Fellow of the Institute of Chartered Accountants of Nigeria, the Chartered Institute of Stockbrokers and the Institute of Directors. He is also an Associate of the Chartered Institute of Taxation and the Nigerian Institute of Management. He is an Authorized Dealing Clerk of The Nigerian Stock Exchange and NASD Plc.

He holds an MBA (Marketing) from the University of Lagos as well as HND (Upper Credit) in Accountancy from Yaba College of Technology. He is an alumnus of the Advance Management Program (AMP) of IESE Business School, Barcelona, Spain. He has also participated in executive and professional development programs at Harvard Business School, Boston, USA, INSEAD Business School, Fontainebleau, France and New York Institute of Finance.

Mr. Olushekun has about 30 years experience of active participation in various aspects of investment banking. He is a past President and Chairman of the Governing Council of the Chartered Institute of Stockbrokers. He has served on the National Council of the Nigerian Stock Exchange and is currently serving on the Boards of NASD Plc - the over-the-counter trading platform of the Nigerian Capital Market, Unity Registrars Limited, Co-Link Investment Management Limited and Applied Logic Limited, operators of BroadStreetLagos.com, a Stock Market Research Portal. He was a member of the Business Support Group of the Nigerian Vision 20:2020 as well as the Federal Government Capital Market Resuscitation Committee. He recently served as the Chairman of the Capital Market Literacy Master Plan Committee and is currently a member of the Capital Market Master Plan Implementation Council (CAMMIC) of the Securities and Exchange Commission. He also serves on the Nigerian Green Bond Advisory Group.

Uche Ike
Non-Executive Director

Mr. Uche Ike holds a first degree in Accountancy and a Master of Business Administration. He is also an Associate Member of the Institute of Chartered Accountants of Nigeria. He has over 27 years banking experience covering Banking Operations, Audit, Compliance and Risk Management. He is presently the Executive Director, Risk Management, Compliance and Corporate Governance for United Bank for Africa Plc.

Eric Idiahi
Non-Executive Director

Mr. Eric Idiahi is the Deputy Managing Director and Co-Founder of Verod. Prior to this, he was the co-founder and Managing Partner of Fountainhead Media Group, an independent investment and advisory firm focused on Technology, Media and Telecoms (TMT) sector in Nigeria. At Fountainhead Media, Mr. Idiahi was responsible for several major TMT transactions.

Prior to that, he worked independently on acquisitions in the consumers goods sector. He has also worked at Financial Derivatives Company and ChevronTexaco.

He has an Economics background having graduated from the University of Houston in Houston, Texas. He is a Director of Union Trustees Ltd, and RotoPrint Ltd.

BOARD COMMITTEES

The Board carries out its oversight functions through its committees, and every committee has a charter which clearly defines its composition, duties, structure and reporting lines.

Corporate Governance and Remuneration Committee

The purpose of this Committee is to assist the Board in fulfilling its oversight responsibility relating to the general affairs of the Board. The committee is responsible for setting the criteria for Board and committee membership, reviewing candidates' qualifications and establishing if conflicts of interest exist. The committee prepares the job specifications for the Chairman's position and assesses the time commitment required for the candidate.

The committee, on a regular basis, evaluates the skills, knowledge and experience required on the Board and makes recommendations on experience required by its members. Other key functions of the committee include the recommendation on the compensation structure and remuneration for Executive Directors and the determination and assessment of Key Performance Indicators (KPIs) for the Executive Directors.

It ensures that the Board conducts a Board evaluation on annual basis. The committee is responsible for the assessment of the company's organizational structure. It periodically evaluates the Board Charter and composition of the Board Committees, and makes recommendations, where necessary. Its members comprise of the following directors.

Name	Meetings Held	Meeting Attended
Mr. 'Sola Adeeyo	7	7
Mrs. Ifueko Omoigui Okauru	7	7
Mr. Haruna Jalo-Waziri	7	7
Mr. Obinna Nwosu	7	7
Mr. Kayode Lawal	7	7
Mr. Emeka Madubuike	7	7

- *Mr. 'Sola Adeeyo is the Chairperson of this committee.*

Technical Committee

The purpose of this committee is to assist the Board in fulfilling its oversight responsibility relating to the integrity and viability of the company's Clearing and Settlement Software, Information Technology systems and processes.

It provides guidance to Management on its innovation and technology strategy, identifying perceived strengths, weaknesses and potential alternatives for consideration. The committee provides direction on the company's technology planning processes to support its growth objectives. The committee also provides guidance on the company's technological infrastructure, including the effectiveness of its technology efforts and investments in developing new products and businesses.

The committee evaluates, on a periodic basis, the company's overall intellectual property (including patent) strategy. The Committee members comprise the following directors:

Name	Meetings Held	Meeting Attended
Mr. Haruna Jalo-Waziri	5	5
Mr. 'Bayo Olugbemi	5	4
Mr. Kennedy Uzoka[2]	5	1
Mr. 'Sola Adeeyo	5	3
Mr. Emeka Madubuike	5	5
Mr. Uche Ike[3]	5	-

- *Mr. Haruna Jalo-Waziri is the Chairperson of this committee.*

The Risk Committee

This Committee is tasked with the responsibility of setting and reviewing the CSCS's risk policies. The coverage of supervision includes the following: credit risk, reputation risk, operations risk, technology risk, market and rate risks, liquidity risk and other pervasive risks as may be posed by the events in the industry at any point in time.

[2] Resigned from the Board in July 2016 upon appointment as MD/CEO UBA Group. Mr. Uche Ike replaced him on 17 November 2016.
[3] Mr. Uche Ike got appointed to the Board on 17 November 2016.

Name	Meetings Held	Meeting Attended
Mrs. Ifueko Omoigui Okauru	5	5
Mr. Kayode Lawal	5	3
Mr. 'Bayo Olugbemi	5	4
Mr. Obinna Nwosu	5	2
Mr. Kennedy Uzoka[4]	5	2
Mr. Ariyo Olushekun	5	4
Mr. Uche Ike	5	1[5]

- *Mrs Ifueko Omoigui-Okauru is the Chairperson of this committee.*

The Finance and Stakeholders Relationship Committee

This Committee's responsibilities include interfacing with the company's stakeholders and the wider capital market group to ensure that CSCS continues to take and incorporate their feedback in its business and service offerings. It monitors and reviews the performance and service standards of the company, and provides continuous guidance to improve existing service levels.

The committee also oversees the review of the company's financials to ensure the integrity and accuracy of its statements and financial reporting process(es).

It is also responsible for the consideration of the annual budget and financial statements of the company. It reviews and approves long-term investment proposals of the company

Name	Meetings Held	Meeting Attended
Mr Obinna Nwosu	4	4
Mr Ariyo Olushekun	4	4
Mr Haruna Jalo-Waziri	4	3
Mr. 'Bayo Olugbemi	4	4
Mr. Kayode Lawal	4	2

- *Mr. Obinna Nwosu is the Chairperson of this committee.*

Statutory Audit Committee

The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 20, 2004. It is responsible for the selection and appointment of the external auditors as well as the approval of their terms of engagement and fees.

The Committee is made up of non-executive directors and ordinary shareholders of the company. The Non-Executive Directors who serve on the committee are determined by the Board. Shareholders elect their representatives at the Annual General Meeting (AGM). Any member may nominate a shareholder as a member of the committee by giving a written notice of such nomination to the Company Secretary at least 21 days before the AGM. The members of the Statutory Audit Committee in 2016 were as follows:

Dr. Umar Faruk[6]	Shareholder*
Mr. Yomi Adeyemi	Shareholder
Mr. Nornah Awoh	Shareholder
Mr. Olanipekun Osinowo	Shareholder
Mrs. Ifueko Omoigui Okauru	Non-Executive Director
Mr. Kennedy Uzoka[7]	Non-Executive Director
Mr. Ariyo Olushekun	Non-Executive Director
Mr. Emeka Madubuike	Non-Executive Director.

Name	Meetings Held	Meeting Attended
Mr. Yomi Adeyemi	2	2
Mr. Olanipekun Osinowo	2	2
Mr. Nornah Awoh	2	1
Mrs. Ifueko Omoigui Okauru	2	1
Mr. Emeka Madubuike	2	1
Mr. Ariyo Olushekun	2	2
Dr Umar Faruk[9]	2	1

- *Mr. Yomi Adeyemi is the Chairperson of this committee.*

[4] Ibid.1
[5] Ibid 2
[6] Dr. Faruk's tenure on the Committee ended in 19 May 2016 at the Company's Annual General Meeting following his decision not to stand for re-election. In his place, Nornah Awoh was elected by shareholders as member/shareholder representative on the Committee.
[7] Ditto footnote 2
[8] Mr. Madubuike was appointed by the Board following Mr. Kennedy Uzoka's retirement in 2016
[9] Ditto footnote 6

CORPORATE GOVERNANCE REPORT
MANAGEMENT TEAM

Mr. Joseph Mekiliuwa
GM, Operations

Mr. Bola Adeeko
Interim Chief Executive Officer

Mr. Taiwo Otiti
GM, Corporate Services

Mr. Vincent Ukoh
Chief Financial Officer

Mr. Ayokunle Adaralegbe
Head, Enterprise Risk Management

Mrs. Ihuaru Akachukwu
Head, Collateral & Settlement

Mr. Lateef Lawal
Head, Depository & Customer Care

Mr. Isqil Adeniji
Head, Infrastructure & Network Services

Mr. Anthony Ezugbor
Head, Application & Database Services

Mr. Cletus Igah
Head, Human Resources

Mr. Charles I. Ojo
Company Secretary

Mr. Temitope Sanni
Head, Project Management

Mrs. Isioma Lawal
Head, Internal Control

Mr. Charles Igiehon
Acting Head, Admin.

The **CSCS Data Centre** is an information and communications technoloy centre designed to support your business.

It can be as simple as helping you convert your paper documents to an electronic format or as advanced as engineering your business process and workflow management for increased productivity.

We support your business with our state-of-the-art digital centre in the following areas:

Document management

- Digitization
- Electronic document management
- Physical archiving onsite or offsite for easy referencing
- Business Process and workflow management
- Scanning solutions (Scanning services, scanner sales and maintenance)

Disaster Recovery

- Co-location
- Cloud Computing Services
- Online-offsite back up
- Business Continuity Services

For enquiries contact:

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REPORT OF THE EXTERNAL CONSULTANTS ON THE APPRAISAL OF THE BOARD OF DIRECTORS OF CENTRAL SECURITIES CLEARING SYSTEM PLC FOR THE YEAR ENDED 31ST DECEMBER, 2015

The Board of Directors of Central Securities Clearing System Plc. (CSCS) renewed its mandate to J. K. Randle International to conduct the evaluation of its Board of Directors for the year ended 31st December, 2015 in accordance with the provisions of the Securities & Exchange Commission's Code of Corporate Governance (SEC Code).

The Board of CSCS was composed of eleven Directors as at 31st December 2015. This was made up of one Executive Director who is also the Managing Director/Chief Executive Officer and ten Non-Executive Directors. During the year, the Board appointed two Non-Executive Directors to replace two Non-Executive Directors who retired from the Board having completed their tenure. The Board initiated a process for appointing an additional Executive Director. Members of the Board possess the requisite backgrounds to supervise the operations of the Company as well as the performance of Management. The composition of the Board conformed with the provisions of the SEC Code in respect of number of executive directors as a ratio to non-executive directors. The number of committees conformed to the minimum required by the SEC Code.

The skills mix, experience base, and diversity were adequate for the effective performance of the Board's functions. We noted in particular, that the Board continued to review the performance of Management in line with the Company's five-year strategy during the year. The Board, in consultation with Management, reviewed the Company's Strategy in line with emerging realities in order to ensure that the Company remained on course as regards the achievement of its long term strategic objectives.

We observed that the operations of the Board met the requirements of Best Practice and the SEC Code. Accordingly, frequency of Board meetings met the minimum requirements of the SEC Code. The Board held five meetings, and the level of attendance was satisfactory. The conduct of the meetings followed conventional procedures in a conducive atmosphere where all members expressed their views freely. The agenda of the Board consisted of relevant strategic issues designed to achieve a critical evaluation of the unfolding scenarios within the Company. The activities of the Board were well documented in its minute's book.

The Board performed all the functions that fell within the purview of its oversight responsibilities which arose during the period under review among which was sustaining the governance structures of the Company, particularly by restructuring the Board Committees with a view to addressing identified overlaps in the functions of the Committees. The Board established a Board Risk Management Committee as a separate Committee and merged the Board Audit & Risk Management Committee with the Statutory Audit Committee. The Board also performed other statutory responsibilities including rendering the accounts of the operations and activities of the Company to the shareholders. Its major decisions during the year ended 31st December, 2015 did not violate any of the principles of good corporate governance or the SEC Code in any material manner. To a large extent, the Board has implemented the recommendations of the last appraisal report. The performance of the Board is adjudged to be satisfactory.

At the conclusion of the exercise, we recommended that the Board of Directors of Central Securities Clearing System Plc. should address the issues highlighted in respect of Committee Structure and Effectiveness; Composition of the Board Committees; and the appointment of an Executive Director.

Bashorun J. K. Randle, FCA; OFR
Chairman/Chief Executive
FRC/2013/ICAN/00000002703
Dated 1st June, 2016

J K R

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their report on the affairs of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary ("the Group"), together with the annual financial statements and independent auditor's report for the year ended 31 December 2016.

Legal form

The company was incorporated in 29 July 1992 as a Private Limited Liability Company and effectively commenced business operations on 14 April 1997. The Company transmuted to a Public Company following the resolution of its shareholders at its Annual General Meeting of 16 May 2012.

Principal activity and business review

The Central Securities Clearing System Plc is a Financial Market Infrastructure (FMI) that undertakes the business of depository, clearing and settling of securities traded in the Nigerian Capital Market. The Company was licensed by the Securities and Exchange Commission and operates a computerized depository, clearing, settlement and delivery system for transactions in shares listed/traded on the Nigerian Stock Exchange. CSCS also provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market. The Company also acts as a depository for Federal Government of Nigeria (FGN) Bonds, Municipal and Corporate Debt instruments. The Company has one (1) subsidiary company namely: Insurance Repository Nigeria Limited. The Company also has interest in NG Clearing Limited as a joint venture.

Operating results

Highlights of the Company's operating results for the year are as follows:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Total operating income	6,174,003	6,174,003	7,601,777
Profit before tax	3,724,196	3,787,415	5,015,717
Income tax	(191,240)	(191,240)	(555,417)
Profit for the year	**3,532,956**	**3,596,175**	**4,460,300**
Other comprehensive income, net of income tax	32,851	32,851	126,862
Total comprehensive income	**3,565,807**	**3,629,026**	**4,587,162**
Basic and diluted earnings per share (kobo)	71k	72k	89k

Ownership structure

The issued and fully paid-up share capital of the Company was 5,000,000,000 ordinary shares of N1 each as at 31 December 2016 (31 December 2015: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date are as shown below:

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Number of Shareholding		*Number of Shareholding*	
Shareholders	*Shares*	*Percentage*	*Shares*	*Percentage*
The Nigerian Stock Exchange	1,362,108,950	27.24%	1,362,108,950	27.24%
Artemis Limited	621,371,503	12.43%	458,370,000	9.17%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
Ecobank Nigeria Limited	375,000,000	7.50%	375,000,000	7.50%
Sterling Bank Plc	-	0.00%	278,750,000	5.58%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.36%
Ess-ay Investments Limited	250,000,000	5.00%	-	0.00%
Others with shareholdings less than 5%	1,748,019,547	34.96%	1,882,271,050	37.65%
	5,000,000,000	**100%**	**5,000,000,000**	**100%**

Directors and their interests

The following directors of the Company held office during the year and represented the Company's shareholders. The directors have direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholding as noted below:

	31 December 2016			31 December 2015		
Director	**Direct**	**Indirect**	**Total**	**Direct**	**Indirect**	**Total**
Mr. Oscar N. Onyema	500,000	-	500,000	500,000	-	500,000
Mr. Kyari Bukar*	2,884,585	-	2,884,585	5,822,362	-	5,822,362
Mr. 'Bayo Olugbemi	-	500,000	500,000	-	500,000	500,000
Mr. Emeka Madubuike	-	6,750,000	6,750,000	-	-	-
Mr. Ariyo Olushekun	-	1,500,000	1,500,000	-	-	-
Mr. Chidi Agbapu**	-	-	-	7,000,000	700,000	7,700,000
Mr. Umaru Kwairanga**	-	-	-	1,000,000	-	1,000,000
Mr. 'Sola Adeeyo	-	-	-	-	-	-
Mrs. Ifueko M. Omoigui Okauru	-	-	-	-	-	-
Mr. Haruna Jalo-Waziri	-	-	-	-	-	-
Mr. Obinna Nwosu	-	-	-	-	-	-
Mr. Kennedy Uzoka***	-	-	-	-	-	-
Mr. Omokayode M. Lawal	-	-	-	-	-	-
Mr. Uche Ike****	-	-	-	-	-	-
Eric Idiahi*****	-	621,371,503	621,371,503	-	-	-

** Kyari Bukar retired from the Board with effect from 31 December 2016*
*** Chidi Agbapu and Umaru Kwairanga retired from the Board with effect from 9 June, 2015.*
**** Kennedy Uzoka retired from the Board with effect from 20 September 2016*
***** Uche Ike was appointed to the Board with effect from 15 September 2016*
******Eric Idiahi was appointed to the Board with effect from 17 November 2016*

Directors' interests in contracts

Mr. 'Sola Adeeyo is a director of AXA Mansard Health Limited, whose services are utilised by CSCS. Except as disclosed above, no other director has notified the Company, for the purposes of Section 277 of the Companies and Allied Matters Act of Nigeria, of any interest in contracts during the year.

Analysis of shareholding

The shareholding pattern of the Company as at 31 December 2016 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholders*	*No of holdings*	*Percentage holdings*
1 - 1,000	115	15.7%	60,862	0.00%
1,001 – 5,000	56	7.7%	164,353	0.00%
5,001 – 10,000	49	6.7%	394,905	0.01%
10,001 – 50,000	186	25.5%	5,126,094	0.10%
50,001 – 100,000	49	6.7%	3,798,134	0.08%
100,001 – 500,000	96	13.1%	32,092,534	0.64%
500,001 – 1,000,000	33	4.5%	28,140,350	0.56%
Above 1,000,000	147	20.1%	4,930,222,768	98.61%
	731	**100%**	**5,000,000,000**	**100%**

The shareholding pattern of the Company as at 31 December 2015 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholders*	*No of holdings*	*Percentage holdings*
1 - 1,000	17	3.2%	8,641	0.00%
1,001 – 5,000	12	2.2%	41,345	0.00%
5,001 – 10,000	19	3.6%	158,798	0.00%
10,001 – 50,000	157	29.6%	4,381,556	0.09%
50,001 – 100,000	36	6.8%	2,746,867	0.05%
100,001 – 500,000	84	15.8%	29,145,430	0.58%
500,001 – 1,000,000	35	6.6%	29,539,000	0.59%
Above 1,000,000	171	32.2%	4,933,978,363	98.68%
	531	**100%**	**5,000,000,000**	**100%**

Substantial interest in shares

According to the register of members at 31 December 2016, no shareholder held more than 5% of the issued share capital of the Company except the following:

	31 December 2016		**31 December 2015**	
Shareholders	*Number of shares held*	*% of Shareholders*	*Number of shares held*	*% of shareholding*
The Nigerian Stock Exchange	1,362,108,950	27.2%	1,362,108,950	27.2%
Artemis Limited	621,371,503	12.4%	458,370,000	9.2%
Access Bank Plc	375,000,000	7.5%	375,000,000	7.5%
Ecobank Plc	375,000,000	7.5%	375,000,000	7.5%
Sterling Bank Plc	0	0.0%	278,750,000	5.6%
United Bank for Africa Plc	268,500,000	5.4%	268,500,000	5.4%
Ess-ay Investment Ltd	250,000,000	5.0%	0	0.0%

Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N35.058million (31 December 2015: N60.316million) during the year, as listed below:

Beneficiary	Purpose	Amount N'000
NASS Senate and House Committee on Capital Market	Sponsor a two-day Stakeholder Forum	10,000
Chartered Institute of Stockbrokers	Donation of grant-in-aid to the Institute (see note (i) below)	10,000
Nigerian Economic Summit Group	2016 NESG Sponsorship	5,500
Modupe Cole Memorial Child Care	Donation to Modupe Cole Memorial Child Care	2,448
Chartered Institute of Stockbrokers	2016 CIS Annual Conference Sponsorship	1,500
The Nigerian Stock Exchange	Donation for Corporate Challenge Event	1,090
Business Day Media Limited	Special Publication on Result Driven Financial	1,000
Association of Asset Custodian	AACN 2016 Annual Investor Conference Sponsorship	500
Digital Africa Global Consult Ltd	Sponsorship of 2016 Digital Africa Conference-	500
Intermarc Consulting Ltd	2016 ASO Villa Demo Day Sponsorship	500
Rotary International District	Sponsorship of District Training	350
Chartered Insurance Institute of Nigeria	Conference Fee and Sponsorship of 2016 Nat Insurance Conference	350
Institute of Directors	2016 IoD Event Sponsorship	250
The Pearl Award Project	Sponsorship of 12th Annual Pearl Awards Public Lecture	250
Irabor Creative Minds	First Nigeria University Cancer Awareness Sponsorship	250
Rescue The Scholars (RTS)	Sponsorship of Youth Rescue and Care Initiative	200
Nigeria Computer Society	Sponsorship of 26th National Conference	200
Chartered Institute of Stockbrokers	Advert Placement in CIS Quarterly Publication	120
Iamachamp Ltd	Exceptional Women Conference Sponsorship	50
		35,058

(I) The Company made a donation of N10 million to the Chartered Institute of Stock Brokers. The donation was based on the request from the Institute to pursue its developmental objectives and strategies. The grant which was disbursed as a lump sum represents a five-year up-front support to the Institute.

(ii) The Company did not make donation to any political party during the year ended 31 December 2016 (31 December 2015: Nil)

Human resources

(i) Employment, Employee Training and Development

Employment at CSCS follows a very thorough process that focuses on merit. The Group ensures that the most qualified persons are recruited for appropriate levels regardless of their State of ethnicity, religion or physical condition. Training and development of staff is an uncompromised strategy of the Group towards ensuring that staff are properly skilled and re-skilled to undertake their respective assignments. The Group did not employ any disabled person during the year under review.

(ii) ***Health, safety and welfare of employees***

The Group takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependents.

Property and Equipment

Information relating to changes in property and equipment is given in Note 15 to the financial statements. In the opinion of the Board of Directors, the market value of the Group's properties is not significantly different from the value shown in the annual report.

Events after reporting date

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, propose a final dividend of 21 kobo per share (31 December 2015: 26 kobo per share) from the retained earnings account as at 31 December 2016. This is subject to approval by shareholders at the next Annual General Meeting.

If the proposed dividend is approved by the shareholders, the Company will be liable to pay additional corporate tax estimated at N147.21million, which represents the difference between the tax liability calculated at 30% of the dividend approved and the tax charge reported in the statement of profit or loss and other comprehensive income for the year ended 31 December 2016.

Payment of dividends is subject to withholding tax at a rate of 10% in the hand of recipients.

Auditor

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria, therefore, the auditors will be re-appointed at the next Annual General Meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Mr. Charles I. Ojo
Company Secretary
Central Securities Clearing System Plc
FRC/2014/NBA.00000006051
4 March 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The directors accept responsibility for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, 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.

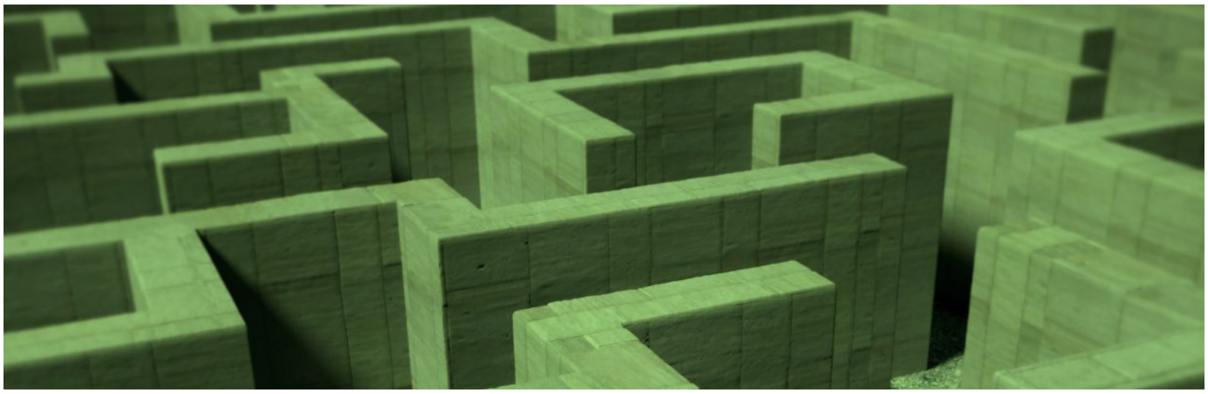
The directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Oscar N. Onyema *OON*
Chairman
FRC/2013/IODN/00000001802
4 March 2017

Mr. Adebola Adeeko
Interim Managing Director/CEO
FRC/2017/IODN/00000016267
4 March 2017

STRATEGY REPORT



Introduction

Business overview

In 2016, CSCS made moderate progress in the implementation of our revised strategy. Despite the challenging macro-economic environment and continually evolving investor needs, we reinforced the need to focus on our three main strategic goals - increase efficiencies in depository, clearing and settlement services, expand CSCS revenue base, and develop strategic alliances across businesses and regions.

We are guided by a clear and consistent business model and strategy that have been carefully designed to produce sustainable, long-term value creation for our stakeholders. Our business model gives us direction and fundamental structures. The processes and resources we put in place in order for us achieve our strategic objectives have been successful. We run our business effectively and responsibly in order to achieve our vision of being globally respected and a leading Central Securities Depository in Africa.

Our vision is inspiring, opening almost unlimited opportunities for product and service development, new businesses and customers. Our employees have grown with the challenges. Going forward, we dare to seize new opportunities and advance them in a long term and sustainable way.

Revised CSCS Strategy (2016 – 2017)

Expand CSCS Revenue Base

The provision of quality services is a business imperative for CSCS as this contributes to increasing and expanding our revenue base. Thus, the need for financial viability is critical to ensure uninterrupted business operations. CSCS continuously searches for ancillary revenue streams to grow and diversify its business.

The core drivers to achieve the above objective include annual PAT growth rate of 10%, annual increase in contribution of Sales and Business Development department to PBT of 2% points over the next two years and diversifying products and service offerings to improve revenue portfolio.

In our drive to achieve annual PAT Growth Rate of 10%, CSCS achieved a return on investment (ROI) of 13.28% as at year-end 2016 on investment income

Strategy at the Core (2016 – 2017)

realized from fixed income securities. However, our PAT Growth rate fell by 22.73% the same year, due to the lingering economic recession, exchange rate volatility and significantly lower capital market transaction values. The annual increase in contribution of the Sales and Business Development Department stands at 3.78% while total contribution of other products outside clearing and settlement fees, stands at 9.11%.

The Insurance Repository Nigeria Limited has been incorporated to perform insurance repository services (dematerialization of insurance policies) as well as facilitating the issuance of electronic insurance policies, servicing and validating policies online.

The Pension Contribution Management System (PCMS) is currently at its marketing stage to key stakeholders. The service aims to provide prompt remittances of pension contribution, timely payment of retirement benefits, and a global view of the RSA records by the regulators, which would generally contribute towards promoting a sustainable pension industry.

Increase efficiencies in Depository, Clearing and Settlement Services

CSCS made significant strategic progress during the year 2016 to ensure increase in market efficiencies in relation to depository, clearing and settlement.

The deployment of a new CSD platform, TCS BaNCS, which is a flexible, state- of -the- art multi-asset class solution that would increase operational efficiency, enhance market confidence and integrity, with the ability to institutionalize the transparency required for the modern complex Nigerian capital market is at 80% of completion stage and would go live in 2017. To further facilitate this core objective of operational efficiency, we aim to maintain an error rate of 0.01% and achieve customer and stakeholder's satisfaction index of 80%; enhance technical proficiency of employees by 20% Y-O-Y; and fully comply with CPMI-IOSCO principles. CSCS' aim is to ensure operational excellence and the effective management of risk , while driving innovation and market best practices, which positions us to provide efficient services that build on our competencies and contribute to the stability of the financial market.

Develop Strategic Alliances across Businesses and Regions

CSCS has identified the need for driving growth and increasing productivity through strategic alliances across business lines and regions. Alliances influence the paths of industries and individual organizations, whereby providing organizational advantage, enabling us to learn necessary skills, enhance certain productive capabilities, thereby creating synergy, adding legitimacy and credibility to our ventures.

Establishing contractual relationships with other CSDs is one of our key drivers. With this focus, CSCS has signed an MOU with STRATE, South Africa, establishing a basis of cooperation in securities and settlement related matters; promoting cross-border investments; establishing matters relating to the exchange of staff; training on the knowledge of their securities markets; and a mechanism whereby a mutual understanding on the exchange of operational-related operating models and the benefit of the parties in respect of TCS BaNCS market infrastructure is established.

The inter-operability within the West African Capital Markets Integration (WACMI) is an initiative established to harmonize a framework and environment for the issuance and trading of financial securities across the West African region. CSCS is a member of WACMI and is committed to the building of an integrated market infrastructure, strong and sustainable capital market while enhancing integration in other capital markets of which one of the benefits to us will include access to long- term capital. The program is being rolled out in three phases - Sponsored Access, Direct Access to Qualified West African Brokers (QWABs) and Integrated West African Securities Market (WASM). CSCS is actively involved in the technical committee to ensure that these phases are accomplished, so that brokers in member countries will be able to trade securities and settle in markets other than theirs through host brokers in those markets.

This will enhance our objective of harmonizing the regulatory environment for the issuance and trading of securities across the West African sub-region through the West African Capital Market Integration (WACMI) initiative, and will also help contribute additional liquidity in the Nigerian capital market.

CSCS, in collaboration with the Central Bank of The Gambia, is exploring the possibilities of establishing strategic partnership with the Government of The Gambia in providing technical assistance and consulting with the aim to achieve:

- Commissioning a formal securities exchange and
- Setting up post-trade services infrastructure.

Strategic Outlook

CSCS will have tremendous opportunities for greater prosperity and growth over the coming years, but at the same time may face complex, competitive challenges and greater uncertainty in our operating environment. Without doubt, the current state of the market creates both challenges and opportunities for investors and operators alike. Therefore, CSCS is prepared to take on the challenges in the market sphere and convert our strengths into opportunities.

In the coming year, we plan to build on our current strategies of expanding CSCS revenue base, increasing efficiencies in depository, clearing and settlement services, and developing strategic alliances across businesses and regions. In addition, we will be exploring several new approaches and internal mechanisms to support our corporate strategy to guarantee its achievement.

In 2017, CSCS is committed to advancing market efficiencies by launching a state-of-the-art Central Securities Depository (CSD) cutting edge technology, to settle equities and bonds in the Nigerian market. In addition, we are resolute to take some of our unique products and services, other than the traditional clearing and settlement service, to the centre stage of the Nigerian financial market. It is important to notify our stakeholders that the leadership of CSCS is determined to continue to grow shareholders' funds and, ultimately, add value to our shareholders.

ENTERPRISE RISK MANAGEMENT REPORT

Enterprise Risk Management (ERM) enhances Central Securities Clearing System (CSCS) Plc.'s ability to achieve its strategic objectives by developing a company-wide culture of risk and opportunity awareness.

In 2016, Thomas Murray Data Services - the specialist custody rating, risk management and research firm - upgraded CSCS' CSD rating from A- to A, which denotes a '*Low Overall Risk*' posture. This rating upgrade was awarded in recognition of improvements in CSCS' business operations as a result of its risk management practices. In addition, we re-assessed our compliance to ISO 27001:2013 standard, and are happy to inform you that we continue to comply with the required information security standards.

ERM Philosophy

Our ERM philosophy is based on the principles that risk management creates value by protecting reputation, maximizing profits, and enhancing compliance to regulations and standards. It is structured and produces repeatable and verifiable outcomes.

Risks are identified and reported openly. Robust engagement with the stakeholders are encouraged at all levels to brainstorm on remediation strategies.

Enterprise Risk Management Framework

At CSCS, our ERM framework serves as a foundation for effective management of risk. Risks are identified, assessed, mitigated and monitored as required. It describes Management's expectation of business units, their roles and responsibilities for risk identification, management and oversight, and guidelines for assessing current and emerging risks across the company. The implementation of this framework ensures that a consistent approach is applied in the management of all risks, and provides assurances that those linked to strategic objectives are managed effectively.

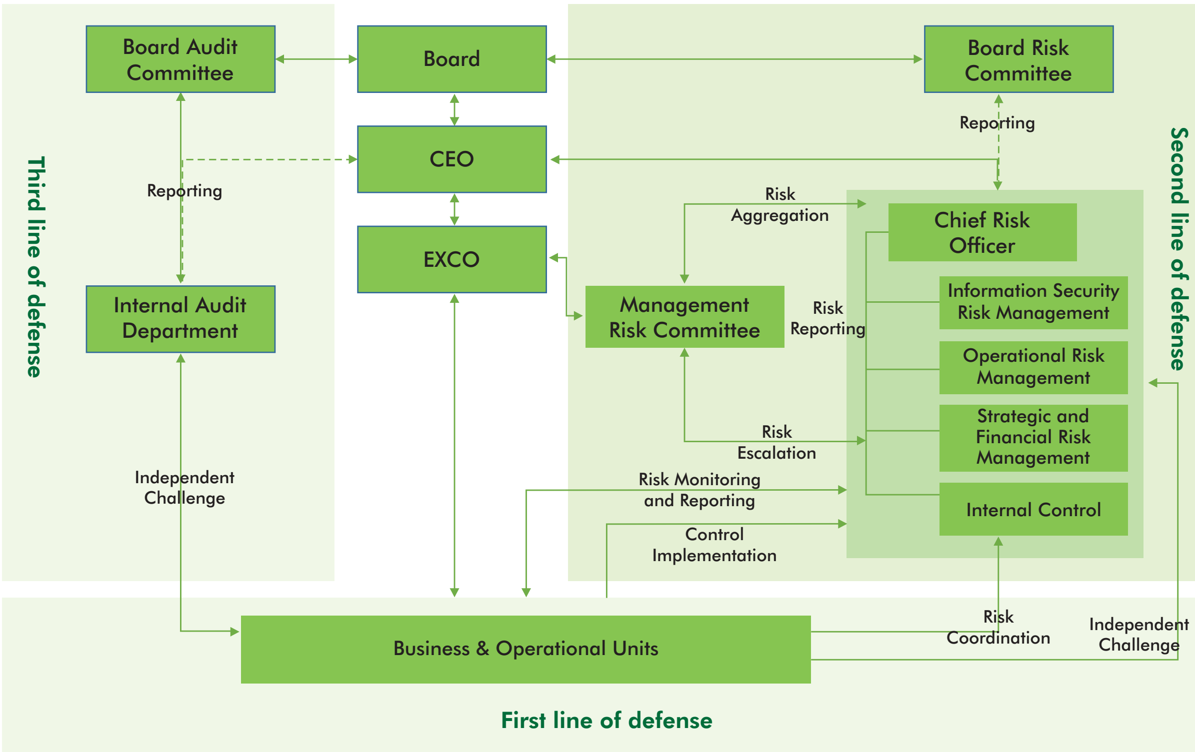
Enterprise Risk Governance

ERM governance structure drives the implementation of the Enterprise Risk Management framework across CSCS, and ensures risk is a key consideration by business units in all processes and decisions.

The Board of Directors set the tone for Risk Management at CSCS. They do so by approving the framework, related policies and risk appetite.

The company utilises 'three lines of defence' model as described below:

1) The first line of defence lies with business units being accountable for the identification of risks



inherent in their processes as well as assessing, controlling and escalating risks to the ERM as appropriate.

2) The second line of defence consists of the centralized and independent ERM function headed by a Chief Risk Officer (CRO) who is responsible for risk management and internal control.

3) The Internal Audit functions as the third line of defence by providing independent assurance on the performance of control environment and risk management activities.

Conclusion

The culture of risk management has been fully integrated into our business. We pay close attention to effective risk management initiatives and strategies so as to continuously reflect the realities of our operating environment.

Risk management is at the core of our strategy in order to enable us continue delivering value-added services to the Nigerian financial market. At all levels, it is the tool we use daily in all business decisions to sustain and enhance our shareholders' value. Consequently, appropriate mechanism has been put in place to ensure constant improvement of the gains of 2016.

AUDIT COMMITTEE REPORT

TO THE MEMBERS OF CENTRAL SECURITIES CLEARING SYSTEM PLC

In line with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the Audit Committee hereby state as follows:

- That we have reviewed the audit plan and scope, and the Management letter on the audit of accounts of the company.
- That the audit plan and scope for the year ended 31 December 2016 are adequate in our opinion.
- That the accounting and reporting policies of the company conform to legal requirements and ethical practices.
- That the Internal Control and Internal Audit functions were operating effectively.

Dated 21 February, 2017

Mr. Yomi Adeyemi
Chairman, Audit Committee
FRC/2014/CISN/00000005607

Members of the committee

1 Mr. Yomi Adeyemi
2 Mr. Olanipekun Osinowo
3 Mr. Nornah Awoh
4 Mrs. Ifueko Omoigui Okauru
5 Mr. Ariyo Olushekun
6 Mr. Emeka Madubuike

The Company Secretary acted as a Secretary to the Committee.

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KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Central Securities Clearing System Plc**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Central Securities Clearing System Plc ("the Company" or "CSCS"), which comprise the consolidated and separate statement of financial position as at 31 December 2016, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 108.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December, 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matters highlighted below apply to both the consolidated and separate financial statements.

Valuation of defined benefit obligation

Significant estimates are made in valuing the Company's Long Term Severance Benefit Scheme, a post-employment defined benefit plan. Estimating the defined benefit obligation is a complex process involving a number of judgments and estimates regarding various inputs. Changes in assumptions and estimates used to value the Company's net defined benefit asset may have significant effect on the results and the financial position of the Company.

Procedures

Our audit procedures included but were not limited to the following:

- We obtained the actuarial valuation report prepared by an external actuarial expert engaged by the Company and, on a sample basis, compared the underlying membership data used for the computation of information we obtained from the Company's Human Resources Department.
- Using the support of our actuarial specialists, we challenged the key assumptions and estimates used in the calculation of the defined benefit obligation by comparing amongst others the discount rate, inflation rate, salary growth and life expectancy used to externally available data. Our actuarial specialists also recomputed the defined benefit liabilities as at year end.
- We obtained confirmation of the defined benefit's plan asset from the fund manager and agreed the amount to the actuarial valuation report.
- We also assessed the appropriateness of the presentation of the Company's net defined benefit asset as at year end as well as the adequacy of the Company's disclosures of key assumptions, judgements and sensitivity of the defined benefit obligation by checking that the presentation and disclosures are in line with the requirements of the relevant accounting standard.

The Company's accounting policy on defined benefit obligation and plan assets as well as related disclosures on actuarial risks and sensitivity of the obligation to changes in assumptions are shown in notes 4(g)(ii) and 29.2 respectively.

Measurement of investment securities

Investment securities account for 89% of the Company's total assets and interest income derived from these securities account for 51% of total operating income in the current year. Due to the materiality of investment securities in the context of the financial position and financial performance of the Company, measurement of investment securities at amortised cost is considered to be an area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Procedures

- Our audit procedures involved testing the design, implementation and operating effectiveness of manual controls that are relevant to recording investment transactions and computation of amortised cost using the effective interest rate for a sample of investment transactions.
- We agreed the portfolio holdings of investment securities to third party confirmations.
- We obtained the relevant pricing parameters required to determine the amortised cost of investment securities and agreed them to third party confirmations.
- For investment securities where the contractual terms had changed during the year, we evaluated the impact of the changes on the effective interest rate in line with the relevant accounting standard.
- We performed a recalculation of the amortized cost of the investment securities using effective interest rates and compared the resulting balances from our recalculation to the amounts recognised in the financial statements.
- The Company's accounting policy on measurement of investment securities and related disclosures on market risk are shown in notes 4(l) and 6(c) respectively.

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information which comprises the Directors' Report, Statement of Directors' responsibilities, Corporate Information, and Other National Disclosures, which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our audit report thereon. Other information also includes the Corporate Governance Report, Strategy Report, Governance Structure, Enterprise Risk Management Report, Audit Committee Report, Chairman's Address, Chief Executive Officer's Review, Notice of the Annual General Meeting, Board Appraisal Report (together "Outstanding reports"), which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact . We have nothing to report in this regard.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

KPMG

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 2011, 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.
In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group (and Company)'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group (and Company) or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group (and Company)'s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group (and Company)'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (and Company) to cease to continue as a going concern.

KPMG

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Oluwafemi O. Awotoye, FCA
FRC/2013/ICAN/00000001182
For: KPMG Professional Services
Chartered Accountants
30 March 2017
Lagos Nigeria

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of Naira	Notes	Group 2016	Company 2016	Company 2015
Revenue	9	2,622,543	2,622,543	3,814,718
Interest Income	10	3,210,756	3,210,756	3,144,437
Other Income	11	340,704	340,704	642,622
Total operating income		**6,174,003**	**6,174,003**	**7,601,777**
Personnel Expenses	12.1(i)	(1,050,977)	(1,048,613)	(1,275,762)
Other Operating Expenses	12.2	(1,303,974)	(1,286,469)	(1,122,893)
Depreciation and Amortisation	12.3	(150,900)	(150,900)	(132,969)
Impairment reversal/(loss) on financial assets	20	99,394	99,394	(54,436)
Total operating expenses		**(2,406,457)**	**(2,386,588)**	**(2,586,060)**
Share of loss of equity accounted investees (net of tax)	23	(43,351)	-	-
Profit before income tax		**3,724,196**	**3,787,415**	**5,015,717**
Income tax	13(a)	(191,240)	(191,240)	(555,417)
Profit for the year		**3,532,956**	**3,596,175**	**4,460,300**
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Remeasurement of defined benefit asset	29.2(i)	46,930	46,930	181,231
Deferred tax	13(b)	(14,079)	(14,079)	(54,369)
Other comprehensive income for the year, net of tax		**32,851**	**32,851**	**126,862**
Total comprehensive income for the year		**3,565,807**	**3,629,026**	**4,587,162**
Total comprehensive income attributable to:				
Owners of the Company		3,565,807	3,629,026	4,587,162
Non-controlling interest		-	-	-
		3,565,807	**3,629,026**	**4,587,162**
Basic/diluted earnings per share (kobo)	14	**71k**	**72k**	**89k**

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

In thousands of Naira	Notes	Group 2016	Company 2016	Company 2015
Non-current assets				
Property and Equipment	15	575,814	575,814	326,080
Intangible Assets	16	613,228	613,228	233,098
Intercompany receivables	22	-	32,247	-
Equity-accounted investee	23	19,149	62,500	-
Investment in subsidiary	24	-	10,000	-
Investment Securities	17(a)	19,138,043	19,138,043	15,397,399
Deferred Tax Asset	13(b)	20,020	20,020	6,377
Defined Benefit Plan Asset (Net)	29.2(ii)	248,101	248,101	203,286
Total Non-Current Assets		**20,614,355**	**20,699,953**	**16,166,240**
Current assets				
Investment Securities	17(b)	5,135,327	5,135,327	5,328,894
Trade Receivables	18(a)	15,522	15,522	1,625
Other Assets	19(a)	517,047	504,713	231,678
Cash and Cash Equivalents	21	783,088	783,043	3,673,144
Total Current Assets		**6,450,984**	**6,438,605**	**9,235,341**
Total Assets		**27,065,339**	**27,138,558**	**25,401,581**
Equity				
Share Capital	25(a)	5,000,000	5,000,000	5,000,000
Retained Earnings		20,924,284	20,987,503	18,691,328
Other Components of Equity		159,713	159,713	126,862
Equity attributable to owners of the Company		**26,083,997**	**26,147,216**	**23,818,190**
Non-controlling interest		-	-	-
Total Equity		**26,083,997**	**26,147,216**	**23,818,190**
Current Liabilities				
Intercompany payables	26	-	10,000	-
Payables and Accruals	27	413,154	413,154	532,182
Current Tax Liabilities	13(c)	286,177	286,177	663,550
Other Liabilities	28	282,011	282,011	387,659
Total Current Liabilities		**981,342**	**991,342**	**1,583,391**
Total Liabilities		**981,342**	**991,342**	**1,583,391**
Total Equity and Liabilities		**27,065,339**	**27,138,558**	**25,401,581**

The audited financial statements was approved by the Board of Directors on 4 March 2017 and signed on its behalf by:

Mr. Oscar N. Onyema OON
Chairman
FRC/2013/IODN/00000001802

Mr. Adebola Adeeko
Interim Managing Director/CEO
FRC/2017/IODN/00000016267

Mr. Vincent Ukoh
Chief Financial Officer
FRC/2013/ICAN/00000001744

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

The Group

In thousands of Naira	Notes	Share Capital	Retained Earnings	Other components of equity	Total
Balance at 1 January 2016		5,000,000	18,691,328	126,862	23,818,190
Profit for the year		-	3,532,956	-	3,532,956
Other comprehensive income:					
Remeasurement of defined benefit asset	29.2(i)	-	-	46,930	46,930
Deferred tax impact	13(b)	-	-	(14,079)	(14,079)
Total other comprehensive income		-	3,532,956	32,851	3,565,807
Transactions with equity holders:					
Dividends		-	(1,300,000)	-	(1,300,000)
Balance at 31 December 2016		**5,000,000**	**20,924,284**	**159,713**	**26,083,997**

The Company

In thousands of Naira	Notes	Share Capital	Retained Earnings	Other components of equity	Total
Balance at 1 January 2016		5,000,000	18,691,328	126,862	23,818,190
Profit for the year		-	3,596,175	-	3,596,175
Other comprehensive income:					
Remeasurement of defined benefit asset	29.2(i)	-	-	46,930	46,930
Deferred tax impact	13(b)	-	-	(14,079)	(14,079)
Total comprehensive income		-	3,596,175	32,851	3,629,026
Transactions with equity holders:					
Dividends		-	(1,300,000)	-	(1,300,000)
Balance at 31 December 2016		**5,000,000**	**20,987,503**	**159,713**	**26,147,216**

The Company

In thousands of Naira	Notes	Share Capital	Other Retained Earnings	components of equity	Total
Balance at 1 January 2015		5,000,000	15,581,028	-	20,581,028
Profit for the year		-	4,460,300	-	4,460,300
Other comprehensive income:					
Remeasurement of defined benefit asset	29.2(i)	-	-	181,231	181,231
Deferred tax impact	13(b)	-	-	(54,369)	(54,369)
Total comprehensive income		-	4,460,300	126,862	4,587,162
Transactions with equity holders:					
Dividends		-	(1,350,000)	-	(1,350,000)
Balance at 31 December 2015		**5,000,000**	**18,691,328**	**126,862**	**23,818,190**

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of Naira	Notes	Group 2016	Company 2016	Company 2015
Cash flows from operating activities				
Profit for the year		3,532,956	3,596,175	4,460,300
Adjusted for:				
Income tax expense recognised in profit	13(a)	191,240	191,240	555,417
Amortisation of intangible assets	12.3	24,109	24,109	34,668
Depreciation of property and equipment	12.3	126,791	126,791	98,301
Write back in prior year over provision of productivity expenses	27(c)	-	-	(20,294)
Impairment (reversal)/loss on financial assets	20	(99,394)	(99,394)	54,436
Interest income	10	(3,210,756)	(3,210,756)	(3,144,437)
Income on available for sale investment		-	-	(110)
Share of loss of equity accounted investee, net of tax	23	43,351	-	-
Defined benefit charge	29.2(i)	16,775	16,775	29,476
Profit on disposal of property and equipment	11	(500)	(500)	(1,173)
		624,572	**644,440**	**2,066,584**
Tax paid	13(c)	(596,335)	(596,335)	(1,107,836)
Contribution to gratuity scheme	29.2(iii)	(14,660)	(14,660)	(51,531)
Changes in operating assets and liabilities				
Intercompany receivables	35(i)	-	(32,247)	-
Trade receivables	35(ii)	4,782	4,782	(34,861)
Other assets	35(iii)	(204,653)	(192,320)	6,206
Payables and accruals	35(iv)	(119,028)	(119,028)	(503,471)
Other liabilities	35(v)	(105,649)	(105,649)	65,966
Net cash flows from operating activities		**(410,972)**	**(411,017)**	**441,057**
Cash flows from investing activities:				
Purchase of property and equipment	15	(376,525)	(376,525)	(179,532)
Purchase of intangible asset	16	(404,239)	(404,239)	(182,827)
Proceeds on disposal of property and equipment	35(vi)	500	500	1,901
Net proceeds on disposal of investments (treasury bills)	35(vii)	193,567	193,567	859,613
Net purchase of investment (bonds)	35(viii)	(3,647,520)	(3,647,520)	(1,735,821)
Interest received	35(ix)	3,133,927	3,133,927	3,084,530
Net cash flows used in investing activities		**(1,100,290)**	**(1,100,290)**	**1,847,864**
Cash flows from financing activities:				
Dividend paid	35(x)	(1,378,794)	(1,378,794)	(1,362,819)
Net cash flows used in financing activities		**(1,378,794)**	**(1,378,794)**	**(1,362,819)**
Net (decrease)/increase in cash and cash equivalents		(2,890,056)	(2,890,101)	926,100
Cash and cash equivalents, beginning of the year		3,673,144	3,673,144	2,747,044
Cash and cash equivalents, end of the year	21	783,088	783,043	3,673,144

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

1 Description of business

Central Securities Clearing System Plc (CSCS) operates a computerized depository, clearing settlement and delivery system for transactions in shares listed on The Nigerian Stock Exchange or any other authorized/organized Securities Trading Platform. CSCS facilitates the delivery (transfer of shares from seller to buyer) and settlement (payment for bought shares) of securities transacted on the floors of The Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform. It was licensed by the Securities and Exchange Commission as an agent for Central Depository, Clearing and Settlement of transactions in the capital market. The Company is domiciled in Nigeria with its registered office at The Stock Exchange Building, 2/4, Customs Street, Marina Lagos.

The consolidated and separate financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiary (together referred to as the "Group") and the Group's interest in equity accounted investee.

2 Basis of preparation

(a) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011.

The financial statements were authorised for issue by the Company's Board of Directors on 4 March 2017. Details of the accounting policies consistently applied by the Company for all years presented in the financial statements are included in Note 4.

(b) Functional and presentation currency

The consolidated and separate financial statements are presented in Nigerian Naira, which is the functional currency of the Group. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

(c) Basis of measurement

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value through other comprehensive income. However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment;
- Plan assets are measured at fair value;
- Loans and receivables, held to maturity financial assets and liabilities are measured at amortised cost;

3 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 4 to all periods presented in these consolidated and separate financial statements.

(i) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
(ii) Equity Method in Separate Financial Statements (Amendments to IAS 27)
(iii) Disclosure Initiative (Amendments to IAS 1)
(iv) Annual improvement to IFRSs 2012-2014 cycle -various standards

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated and separate financial statements incorporate the assets, liabilities and performance results of Insurance Repository Nigeria Limited. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated and separate financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transaction.

(v) Interest in equity-accounted investee

The Group's interest in equity-accounted investee represents interest in a joint venture. A joint venture is an arrangement in which the Group has joint control whereby the Group has right to the net assets on arrangement basis rather than the right to its asset and obligations to its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the

Group's share of the profit or loss and OCI of equity-accounted investee, until the date on which the significant influence ceases.

Investment in subsidiaries and equity-accounted investees are measured at cost less impairment in the separate financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the available-for-sale equity investments are recognised in other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. Non- monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when fair value was measured. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue recognition

(i) Revenue from rendering of services

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts or rebates allowed by the Group.

Revenue is earned from depository fee, eligibility fee, transaction fee and participation fees.

- Depository fees represent the annual fees charged on companies quoted on the Nigerian Stock Exchange at a rate of market capitalisation.
- Eligibility fees are charged on stock broking firms.
- Transaction fees are based on values of shares traded on the Nigerian Stock Exchange or any other authorized /organized Securities Trading Platform charged on the investors at a percentage of sales.
- Over The Counter (OTC) transaction fee is charged on transactions relating to trading in bonds and commercial papers.

Revenue earned is recognized based on duration of the particular service or transaction. Any upfront fees or payment for services that are rendered over a reporting period are treated as unearned income and recognized over the required period. These are warehoused in deferred income account.

(ii) Interest income

Interest income from a financial asset is recognised in income statement using the effective interest rate method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iii) Collateral Management Fees

The Group provides lien services to lenders who have granted credit facilities to borrowers secured with securities deposited with the Company. Collateral Management fees and other incidental fees are charged and recognised in the statement of profit or loss once the lien service is performed.

(d) Share Capital

Incremental costs attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

(e) Dividends distribution

Dividend distributions to the Group's shareholders are recognised in the Group's consolidated and separate financial statements in the year in which the dividend is declared and approved by the Group's shareholders. Dividend paid is recognised gross of withholding tax (WHT) with the corresponding WHT remitted to the tax authorities.

(f) Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss to ordinary shareholders of the Company by the weighted average number or ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(g) Employee benefits

(i) Short term employee benefits

Short term employee benefits, such as salaries, paid absences and other benefits are accounted for on an accrual basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the income statement as personnel expenses.

(ii) Retirement benefit costs

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Company operates a funded contributory retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014 (as amended). The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contributory plan. The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the obligation of the Group to each staff in the current year in return for their service. The aggregate provision is such that at every point in time the plan has adequate funds with the Fund Managers for all obligations. The fund is managed by an independent fund manager. The plan entitles employees to 50% of total exit emoluments on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100%. Amounts contributed in each year into the plan are expensed in the year in which they are due. The calculation of defined benefit obligations is performed annually by an external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

(h) Taxation

(i) Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments established during the year for such years.

Total amount of tax payable under the Companies Income Tax Act (CITA) is determined on the higher of two components namely:

- company income tax (based on taxable income (or loss)) for the year; or
- minimum tax (determined based on the sum of 0.125% of revenue in excess of N500,000.00 and the highest of 0.25% of revenue of N500,000.00, 0.5% of gross profit, 0.25% of paid-up share capital and 0.5% of net assets)

Taxes based on taxable profit for the year are presented as current income tax in line with IAS 12, whereas taxes which are based on gross amount are outside the scope of IAS 12 and therefore are not presented as current income tax.

Minimum tax

The Group pays minimum tax in accordance with the Company Income (Amendment) Act, 2007, where in any year of assessment, the ascertainment of total assessable profits from all sources of the Company results in a loss or where the Group's ascertained total profits results in no tax payable or tax payable is less than the minimum tax. Minimum taxes are recognised as a separate line item in the statement of profit or loss and other comprehensive income under taxation.

(ii) Deferred tax

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

(iii) Information technology levy

This represents 1% of profit before tax in accordance with the provision of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007.

(iv) Education tax

This represents 2% of assessible profit in accordance with the provision of the Education Tax (Amendment) Decree No 40 of 1998.

(i) Property and equipment

(i) Recognition and measurement

Property and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognized in addition if an asset's recoverable amount falls below its carrying amount.

The cost of acquisition comprises the acquisition price plus ancillary and subsequent acquisition costs, less any reduction received on the acquisition price. The cost of self-constructed property and equipment comprises the direct cost of materials, direct manufacturing expenses, and appropriate allocations of material and manufacturing overheads. Where an obligation exists to remove an asset or restore a site to its former condition at the end of its useful life, the present value of the related future payments is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

(ii) Subsequent expenditure

Expenses for the repair of property and equipment, such as on-going maintenance costs, are normally recognized in profit or loss. The cost of acquisition or construction is capitalized if a repair (such as a complete overhaul of technical equipment) will result in future economic benefits to the Group.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Significant asset components with different useful lives are accounted for and depreciated separately.

The following depreciation years, based on the estimated useful lives of the respective assets, are applied throughout the Group:

- Computer Equipment — 4 years
- Furniture and Fittings — 8 years
- Motor vehicle — 4 years
- Office Equipment — 5 years
- Leasehold improvement — 3 years
- Capital work in progress — Not depreciated

Depreciation begins when an asset (tangible) is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

Impairment losses are recognized for declines in value that go beyond regular depreciation. If the reasons for previously recognized impairment losses no longer apply, the impairment losses are reversed provided that the reversals do not cause the carrying amounts to exceed the depreciated cost of acquisition or construction.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount which is recognised as the operating income or expense respectively in profit or loss.

(v) Capital Work in progress

Construction and other capital projects that are yet to be completed at the reporting date are classified as capital work in progress. They are transferred to relevant classes of property and equipment upon completion of the project and items are ready for use. Items classified as work in progress are not depreciated.

(j) Intangible assets

(i) Initial recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred, on the same basis as intangible assets that are acquired separately.

(iii) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, profit or loss account from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software License	Over License term
Software under development	Not depreciated

(iv) De-recognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

(v) Software under development

Software under development represents qualifying capital expenditure on Project Meridian, which is yet to be completed at year end. They are transferred to intangible asset class upon completion of the project. Items classified as software under development are not amortized.

Software under development is capitalised only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, software under development is measured at cost less accumulated amortisation and any accumulated impairment losses.

(k) Impairment of non-financial assets

The carrying values of all non-financial assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment tests are performed not only on individual items of intangible assets, property, property and equipment, but also at the level of cash-generating units.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-generating units are tested if there is an indication of possible impairment. Impairment testing involves comparing the carrying amount of each cash-generating unit or item of intangible assets, property or equipment to the recoverable amount, which is the higher of its fair value less costs to sell or value in use. If the carrying amount exceeds the recoverable amount, the asset is impaired by the amount of the difference.

Impairment losses are recognised in profit or loss. 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. Reversals of impairment losses are recognized in profit or loss.

For the purpose of calculating the recoverable amount, both the fair value less costs to sell and the value in use are determined from the present value of the future net cash flows. These are forecast on the basis of the Company's current planning, the planning horizon normally being three to five years. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes and costs. Where the recoverable amount is the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the cash-generating unit or individual asset is measured as currently used. In either case, net cash flows beyond the planning year are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information.

(l) Financial assets

(i) Investment securities

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity. Investment securities comprise treasury bills of original maturity of more than 90 days and Investment in Federal Government, State Government and Corporate Bonds. These are classified as held-to-maturity financial assets. Investment in equity securities are classified as available-for-sale financial assets.

Investment securities are initially measured at fair value on the trade date plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue and subsequently measured at amortized cost.

(ii) Trade receivables

Trade receivables are carried at original invoice amount less any impairment for doubtful debts. Impairment allowances are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any impairment allowance available and then to profit or loss. Subsequent recoveries of amounts previously provided for are credited to profit or loss. Long-term receivables are discounted where the effect is material.

Trade receivables are initially measured at fair value and subsequently measured at amortized cost.

(iii) Other receivables

Other receivables comprise staff debtors and other receivables. They are carried at original invoice amount less any impairment for doubtful receivables. Impairment allowances for doubtful receivables are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held for cash management purposes and to meet short term obligations. Cash and cash equivalent are initially measured at fair value and subsequently measured at amortized cost.

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

(vi) Impairment of non-derivative financial assets

At each reporting date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- whether the customer is more than 180 days past due;
- initiation of bankruptcy proceedings;
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- adverse changes in the payment status of borrowers or issuers;

Assets carried at amortized cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against the financial asset. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(m) Other assets

Other assets comprise mainly of prepayments, and sundry stocks. They are stated at cost less amortised amounts. They are amortized to expense by the straight-line method or according to performance of the underlying transaction.

(n) Financial liabilities

(i) Trade payables

Trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect of discounting is material. Trade payables are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument and subsequently measured at amortised cost.

(ii) Other liabilities

Accrued items and other liabilities are carried at amortized cost. They are charged to expense by the straight-line method or according to performance of the underlying transaction. Other liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument and subsequently measured at amortised cost.

(o) Amortised cost concept

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at the date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

(q) Derecognition of financial assets and financial liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(r) Provisions

Provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Provisions are measured in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Where the cash outflow to settle, an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Provisions for litigations are recorded in the statement of financial position in respect of pending or future litigations, subject to a case-by-case examination. Such legal proceedings are evaluated on the basis of the available information, including that from legal counsel acting for the Group, to assess potential outcomes. Where it is more likely than not that a present obligation arising out of legal proceedings will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are considered to be reliably measurable. These provisions cover the estimated payments to plaintiffs, court fees, attorney costs and the cost of potential settlements. The evaluation is based on the current status of the litigations as of each closing date and includes an assessment of whether the criteria for recording a provision are met and, if so, the amount of the provision to be recorded.

Litigation and other judicial proceedings generally raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of currently pending and future proceedings therefore cannot be predicted. As a result of a judgment in court proceedings or the conclusion of a settlement, the Group may incur charges in excess of presently established provisions and related insurance coverage.

Where the time effect of money is material, balances are discounted to current values using appropriate rates of interest. The unwinding of the discount is recognized as finance cost.

(s) Contingent assets and liabilities

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 Group. Contingent assets are disclosed in the financial statements when they arise.

Contingent liability is the probable obligation 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 Group. However, they are recognised, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed in the financial statements when they arise.

(t) Other operating expenses

All other operating expenses are accounted for on accrual basis

(u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. Information relating to segment reporting is presented in Note 7 to the financial statements.

(v) New standards and interpretations not yet adopted

A number of new standards, amendment to standards and interpretation are effective for annual years beginning after 1 January 2016, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early. Those which may be relevant to the Group are set out below. For some of the new standards, the Group has completed the assessment of their potential impacts while the evaluation of likely effect of the others are still ongoing.

(i) IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC - 31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract - based five - step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 31 December 2017 financial statements.

The standard is effective for annual years beginning on or after 1 January 2018, with early adoption permitted under IFRS.

(ii) IFRS 9 Financial instruments

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an “incurred loss” model from IAS 39 to an “expected credit loss” model, which is expected to increase the provision for bad debts recognised in the Group.The standard is effective for annual years beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The Group is yet to carry out an assessment to determine the impact the initial application of IFRS 9 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2018.

(iii) Amendments to IAS 7 Disclosure Initiative (effective for period beginning on or after 1 January 2017; early adoption is permitted)

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities. The Group will adopt the amendment in the year ending 31 December 2017.

(iv) Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective for period beginning on or after 1 January 2017, early adoption is permitted).

The amendments provide additional guidance on the existence of deductible temporal difference, which depend solely on a comparism of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve.

Guidance is provided for deductible temporal difference related to unrealised losses are not assessed separately for recognition. Those are assessed on a combined basis, unless a tax law restricts the use of losses to deduction against income of specific type.

The amendments not expected to have any significant impact on the consolidated and separate financial statement of the Group. The Group will adopt the amendments for the year ending 31 December 2017.

(v) IFRIC 22: Foreign currency transactions and advance consideration (effective for periods beginning on or after 1 January 2018; early adoption is permitted).

The amendments provide guidance on the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when a Company pays or receives consideration in a foreign currency; and recognises a non monetary asset or liability – e.g. non-refundable advance consideration – before recognising the related item.

The Group will adopt the amendments for the year ending 31 December 2018.

(vi) IFRS 16: Leases (effective for periods beginning on or after 1 January 2019; early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16).

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Group will adopt the standard for the year ending 31 December 2019.

5 Use of Judgements

In preparing these consolidated and separate financial statements, the directors have made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities and expenses. Actual reports may differ from these estimates.

Use of Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years. Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

(a) **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2016 include:

i) ***Impairment losses of financial assets***

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 4(l)(vi).

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. In assessing the impairment, the Group uses historical information on the timing of the recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. Actual results may differ from these estimates.

ii ***Recognition of deferred tax asset/liability***

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rate that is expected to apply in the year in which the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its liabilities. Significant management judgement is required to determine the amount of deferred tax assetthat can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

iii) ***Income tax***

The Group is subject to income tax and estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes are to be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the year in which such detemination is made.

iv) Defined benefit obligation

The Group sponsors a defined benefit plan for its qualifying employees. The Group estimates its obligation to each staff in the current year in return for their service using the projected unit credit method. Also, the funding requirements are based on actuarial measurement which sets discount rates with reference to the expected long term rates of return on plan assets. Amounts contributed in each year into the plan is expensed in the year in which they are due.

b) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

(i) Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

(ii) Level 2: Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the product and market and is prone to changes based on specific events and general conditions in the financial markets.

6 Risk Management Framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Board Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company activities. The Group through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Board Risk Committee also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Audit and Risk Committee is assisted by Management Risk Committee and the Internal Audit which undertake both regular and ad hoc review of risk management controls and procedures, the results of which are reported to the Board Risk Committee.

The Group has exposure to the following risks arising from financial transactions:
- Credit risk
- Liquidity risk
- Market risk

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Group's receivables from customers and held to maturity investments.

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Management Risk Committee has established a credit policy under which each of the Group's customers is analysed individually for creditworthiness before the Group standard and delivery terms and conditions are offered.

Receivables that are outstanding for more than 180 days are fully impaired as the Group considers collection of such receivable as doubtful. In monitoring customers credit risk, customers are grouped according to their credit characteristics, which include bond dealers, legal entities or stockbroking firms.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. As at 31 December, 2016, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

		Carrying amount		
In thousands of Naira	**Notes**	**Group 2016**	**Company 2016**	**Company 2015**
Trade receivables				
Bond Dealers		3,676	3,676	16,740
Quoted Companies		270,555	270,555	91,783
Stock Broking Firms		76,697	76,697	262,443
Sales and Business Development		32,827	32,827	17,571
Total	18(a)	**383,755**	**383,755**	**388,537**
Allowance for doubtful trade receivables	18(b)	(368,233)	(368,233)	(386,912)
Total		**15,522**	**15,522**	**1,625**
Other receivables				
Staff debtors		23,058	23,058	24,801
Fixed deposit		277,454	277,454	277,454
Others		36,773	36,773	33,231
Total	19(a)	**337,285**	**337,285**	**335,486**
Allowance for doubtful other receivables	19(b)	(196,739)	(196,739)	(277,454)
Total		**140,546**	**140,546**	**58,031**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Other receivables		Trade receivables	
In thousands of Naira	**31 December 2016**	**31 December 2015**	**31 December 2016**	**31 December 2015**
Balance as at 1 January	277,454	277,454	386,912	332,476
Movement in the year	(80,715)	-	(18,679)	54,436
Balance as at year end	**196,739**	**277,454**	**368,233**	**386,912**
Movement in the year:				
Impairment charge on financial assets	1,117	-	47,769	58,684
Writebacks on receivables	(81,832)	-	(66,448)	(4,248)
Balance as at year end	**(80,715)**	**-**	**(18,679)**	**54,436**

As at 31 December 2016, the ageing of trade receivables past due, but not impaired was as follows:

	Carrying amount		
In thousands of Naira	**Group 2016**	**Company 2016**	**Company 2015**
Past due 1 - 30 days	45	45	-
Past due 31 - 90 days	1,450	1,450	-
Past due 91 - 180 days	14,027	14,027	-
Total	**15,522**	**15,522**	**-**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

(ii) Held to Maturity Investments (HTM)

The Group limits its exposure to credit risk by investing only in liquid money market instruments with counterparties that have a minimum credit rating of BB by reputable rating agency.

Management actively monitors credit ratings and ensures that the Group has only made investment in line with the Investment Policy Manual as approved by the Board which provides target allocations in fixed tenured investments.

The Group held HTM investments of N24,273,260 at 31 December 2016 (31 December 2015: N20,726,183) which represents its maximum credit exposure on Federal Government Treasury Bills, Federal Government Bonds, State Government Bonds and Corporate Bonds.

As at 31 December, 2016, the maximum exposure to credit risk for investments was as follows:

	Carrying amount		
In thousands of Naira	**Group 2016**	**Company 2016**	**Company 2015**
Treasury Bills	5,135,327	5,135,327	5,328,894
Federal Government Bonds	14,871,360	14,871,360	10,911,046
State Government Bonds	2,968,581	2,968,581	3,393,260
Corporate Bonds	1,297,992	1,297,992	1,092,983
Total	**24,273,260**	**24,273,260**	**20,726,183**

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N783,088million at 31 December 2016 (31 December 2015: N3.67billion) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local banks which are rated "BB" by reputable rating agency.

(iv) Total exposure to credit risk

As at 31 December 2016, the Group's exposure to credit risk was as follows:

In thousands of Naira	Notes	Group 2016	Company 2016	Company 2015
Trade receivables	18(a)	15,522	15,522	1,625
Other receivables	19(a)	140,546	140,546	58,031
Investment securities	17(a)(b)	24,273,260	24,273,260	20,726,183
Cash and cash equivalents	21	783,088	783,043	3,673,144
		25,212,416	**25,212,371**	**24,458,983**

(b) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group's maintains the level of its cash and cash equivalents and other highly marketable debt investments in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected cash inflows from trade receivables and other receivables together with expected cash outflows on trade and other payables. The expected receivables from maturing treasury bills with maturity profiles of less than 3 months as at 31 December 2016 was N246.2 million (31 December 2015: Nil). This excludes the potential impact of extreme circumstances that cannot reasonable be predicted, such as natural disasters.

Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial instruments at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting arrangements.

Maturity Analysis

The Group
31 December 2016

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	765,182	5,237,111	1,262,100	21,877,454	29,141,847	24,273,370
Trade receivables	1,495	14,027	-	-	15,522	15,522
Other receivables	140,546	-	-	-	140,546	140,546
Cash and cash equivalents	786,817	-	-	-	786,817	783,088
Total	**1,694,041**	**5,251,138**	**1,262,100**	**21,877,454**	**30,084,732**	**25,212,526**
Financial liabilities						
Payables and accruals	330,460	-	-	-	330,460	330,460
Other liabilities	282,011	-	-	-	282,011	282,011
Total	**612,471**	**-**	**-**	**-**	**612,471**	**612,471**

The Company
31 December 2016

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investment securities	765,182	5,237,111	1,262,100	21,877,454	29,141,847	24,273,370
Trade receivables	1,495	14,027	-	-	15,522	15,522
Other receivables	140,546	-	-	-	140,546	140,546
Cash and cash equivalents	786,773	-	-	-	786,773	783,043
Total	**1,693,996**	**5,251,138**	**1,262,100**	**21,877,454**	**30,084,688**	**25,212,482**
Financial liabilities						
Payables and accruals	330,460	-	-	-	330,460	330,460
Other liabilities	282,011	-	-	-	282,011	282,011
Total	**612,471**	**-**	**-**	**-**	**612,471**	**612,471**

The Company
31 December 2015

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
Financial assets						
Investments	4,839,945	1,860,915	5,546,907	14,568,869	26,816,636	20,726,293
Trade receivables	-	-	-	-	-	-
Other receivables	58,032	-	-	-	58,032	58,032
Cash and cash equivalents	3,683,315	-	-	-	3,683,315	3,673,144
Total	**8,581,292**	**1,860,915**	**5,546,907**	**14,568,869**	**30,557,983**	**24,457,469**
Financial liabilities						
Payable and accruals	469,087	-	-	-	469,087	469,087
Other liabilities	57,623	-	-	213,409	271,032	271,032
Total	**526,710**	**-**	**-**	**213,409**	**740,119**	**740,119**

(c) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return. The Group does not use derivatives to manage market risks.

(i) Currency Risk

The Group is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because its revenues, capital expenditures are principally based in Naira. A significant change in the exchange rates between the Naira (N) (functional and presentation currency) relative to the US dollar would have an insignificant effect on the Group's results of operations, financial position and cash flows. The Group does not enter into any forward exchange contracts to manage the currency risk fluctuations.

The table below summaries the Group's financial instruments at carrying amount, categorised by currency:

The Group
Financial instruments by currency as at 31 December 2016

In thousands	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17	24,273,370	24,273,370	-	-	-
Trade receivables	18(a)	15,522	15,522	-	-	-
Other receivables	19(a)	140,546	140,546	-	-	-
Cash and cash equivalents	21	783,088	780,971	1,058	926	133
		25,212,527	**25,210,410**	**1,058**	**926**	**133**
Financial liabilities						
Payables and accruals	27	330,460	330,460	-	-	-
Other liabilities	28	282,011	282,011	-	-	-
		612,471	**612,471**	**-**	**-**	**-**
Net Open Position		**24,600,056**	**24,597,939**	**1,058**	**926**	**133**

The Company
Financial instruments by currency as at 31 December 2016

In thousands	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investments	17	24,273,370	24,273,370	-	-	-
Trade receivables	18(a)	15,522	15,522	-	-	-
Other receivables	19(a)	140,546	140,546	-	-	-
Cash and cash equivalents	21	783,043	780,926	1,058	926	133
		25,212,482	**25,210,365**	**1,058**	**926**	**133**
Financial liabilities						
Payables and accruals	27	330,460	330,460	-	-	-
Other liabilities	28	282,011	282,011	-	-	-
		612,471	**612,471**	**-**	**-**	**-**
Net Open Position		**24,600,012**	**24,597,895**	**1,058**	**926**	**133**

The Company
Financial instruments by currency as at 31 December 2015

In thousands	Note	Total	Naira	USD	GBP	Euro
Financial assets						
Investment securities	17	20,726,294	20,726,294	-	-	-
Trade receivables	18(a)	1,625	1,625	-	-	-
Other receivables	19(a)	58,032	58,032	-	-	-
Cash and cash equivalents	21	3,673,144	3,665,471	7,557	45	71
		24,459,095	**24,451,422**	**7,557**	**45**	**71**

The Company *(cont'd)*
Financial instruments by currency as at 31 December 2015

In thousands of Naira	Note	Total	Naira	USD	GBP	Euro
Financial liabilities						
Payables and accruals	27	469,087	469,087	-	-	-
Other liabilities	28	271,032	271,032	-	-	-
		740,119	**740,119**	**-**	**-**	**-**
Net Open Position		**23,718,976**	**23,711,303**	**7,557**	**45**	**71**

The following significant exchange rates have been applied:

	Average rate		Spot rate	
	2015	**2016**	**2015**	**2016**
USD	223	361	197	356
GBP	295	501	291	445
EUR	-	428	-	390

The Group sources its foreign currency needs from its bankers and parallel market. Based on history and evidence available, foreign currency needs are majorly sourced from the parallel market. Thus the weighted average rate was derived from a weighted average of the various official and autonomous sources rates' applicable at the reporting date.

Foreign exchange risk sensitivity analysis
The Group's exposure to foreign currency risk is largely concentrated in US Dollar. Movement in exchange rate between the US Dollar, and the Nigerian Naira affects reported earnings statement of financial position size through increase or decrease in the remeasured amounts of assets and liabilities denominated in US Dollars.

In thousands of Naira	31 December 2016	31 December 2015
US dollar effect of 10% up or down movement on profit before tax and balance sheet	106	756
US dollar effect of 10% up or down movement on equity, net of tax	106	756

(ii) Interest Rate Risk
The Group adopts a policy of ensuring that significant percentage of investable funds are invested into fixed rate financial assets (treasury bills, Federal Government bonds and other bonds) in line with its investment guideline. The Group is exposed to interest rate shocks even though most of its investments are on fixed rate to maturity investment, however the Group could still be exposed to interest risk if rate increased higher than the fixed rate. Other areas the Group could be exposed to interest risk is the opportunity cost of market movement.

CSCS conducts sensitivity analysis to reveal or measure the sensitivity of its net interest rate income to shift of rates.

Interest rate profile

At the end of the reporting year the interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group are as follows:

In thousands of Naira	Note	Group 2016	Company 2016	Company 2015
Financial instruments				
Cash and cash equivalents	21	783,088	783,043	3,673,144
Investment securities	17	24,273,370	24,273,370	20,726,293
		25,056,458	**25,056,413**	**24,399,437**

Interest rate sensitivity:

The table below shows the impact on the Company's profit before tax if interest rates on financial instruments had increased or decreased by 100 basis points, with all other variables held constant.

In thousands of Naira	Group 2016	Company 2016	Company 2015
Increase in interest rate by 100 basis points (+1%)	250,565	250,564	865,783
Decrease in interest rate by 100 basis points (-1%)	(250,565)	(250,564)	(865,783)

(d) Capital Management

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of its capital structure.

The capital structure of the Group consist of the following:

- Share capital
- Retained earnings
- Other reserves

Information relating to the Group's Capital Structure is disclosed in Note 25 to the consolidated and separate financial statements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and risks associated with share capital.

Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of its capital structure. The capital structure of the Group consists of cash and cash equivalents and equity attributable to its equity holders, comprising issued capital, reserves and retained earnings as disclosed in note 25.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Equity includes all capital and reserves of the company that are managed as capital. The Securities and Exchange Commission ("SEC") sets and monitors capital requirements for all Securities Clearing and Settlement Companies (CSDs). SEC prescribes the minimum capital requirement for a Central Securities Depository (CSD) operating in Nigeria. The minimum capital requirement for a CSD is five hundred million naira

(N500,000,000.00). The Group has a total equity of N26.1 billion as at 31 December 2016 (31 December 2015: N23.8 billion). This is well above the minimum capital requirement set by SEC.

7 Segment Reporting

The Group has three (3) identifiable segments and the following summary describes the operations in each of the these segments.

i Operations: This Segment provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market.

ii Sales and business development: This segment provides secondary data storage and disaster recovery in event of data loss to companies. It also stores securities used as collateral for credit facilities by companies.

iii Treasury: This segment is responsible for investments and management of the Group's liquidity ensuring a balance between liquidity and profitability.

The Group
31 December 2016

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	2,622,543	130,701	3,210,756	-	5,964,000
Others	205,032	4,471	500	-	210,003
Segment revenue	**2,827,575**	**135,172**	**3,211,256**	**-**	**6,174,003**
Expenses:					
Personnel Expenses	(869,693)	(167,339)	(11,581)	(2,364)	(1,050,977)
Operating expenses	(1,159,436)	(112,664)	(14,369)	(17,505)	(1,303,974)
Depreciation and amortisation	(118,243)	(30,994)	(1,663)	-	(150,900)
Allowance for doubtful receivables	99,394	-	-	-	99,394
Share of loss of equity-accounted investee	-	-	-	(43,351)	(43,351)
Segment Expense	**(2,047,978)**	**(310,997)**	**(27,613)**	**(63,220)**	**(2,449,808)**
Segment operating income before tax	779,597	(175,825)	3,183,643	(63,220)	3,724,196
Income tax	-	-	-	(191,240)	(191,240)
Profit after tax	779,597	(175,825)	3,183,643	(254,459)	3,532,956

Group
31 December 2016

Assets & Liabilities

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Total assets	22,396,814	4,309,406	298,240	60,879	27,065,339
Total liabilities	812,069	156,252	10,814	2,207	981,342
Net asset	21,584,744	4,153,155	287,427	58,672	26,083,997

The Company
31 December 2015

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	3,814,718	154,340	3,144,437	-	7,113,495
Others	477,029	9,970	1,173	110	488,282
Segment revenue	**4,291,747**	**164,310**	**3,145,610**	**110**	**7,601,777**

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Expenses:					
Personnel Expenses	(901,926)	(350,178)	(23,657)	-	(1,275,762)
Operating expenses	(793,460)	(308,066)	(20,812)	-	(1,122,339)
Depreciation and amortisation	(94,005)	(36,498)	(2,466)	-	(132,969)
Other operating expenses	(554)	-	-	-	(554)
Allowance for doubtful receivables	(36,866)	(17,570)	-	-	(54,436)
Segment Expense	**(1,826,811)**	**(712,312)**	**(46,935)**	**-**	**(2,586,060)**
Segment operating income before tax	2,464,934	(548,003)	3,098,675	110	5,015,717
Income tax expense	-	-	-	(555,417)	(555,417)
Profit after tax	2,464,934	(548,003)	3,098,675	(555,307)	4,460,300

31 December 2015

Assets and liabilities

In thousands of Naira	Operations	Sales and Business development	Treasury	Unallocated segment	Total
Total asset	17,958,176	6,972,372	471,032	-	25,401,581
Total liabilities	1,119,411	434,618	29,361	-	1,583,391
Net asset	16,838,765	6,537,754	441,671	-	23,818,190

8 Accounting classifications and fair values of financial assets and liabilities

The table below shows the carrying amounts and fair values of financial assets and financial liabilities not measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Group
31 December 2016

	Carrying amount					Fair value			
In thousands of Naira	Notes	Held to maturity	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets not measured at fair value									
- Cash and cash equivalent	21	-	783,088	-	783,088	783,088	-	-	783,088
- Other receivables	19(a)	-	140,546	-	140,546	-	-	-	-
- Treasury Bills	17(b)	5,135,327	-	-	5,135,327	5,156,241	-	-	5,156,241
- Federal Government Bonds	17(a)	14,871,360	-	-	14,871,360	10,922,878	-	-	10,922,878
- Corporate Government Bonds	17(a)	1,297,992	-	-	1,297,992	1,304,205	-	-	1,304,205
- State Government Bonds	17(a)	2,968,581	-	-	2,968,581	3,506,721	-	-	3,506,721
		24,273,260	**923,634**	**-**	**25,196,894**	**21,673,134**	**-**	**-**	**21,673,134**
Financial liabilities not measured at fair value									
- Payables and accruals	27	-	-	330,460	330,460	-	-	-	-
- Other liabilities	28	-	-	282,011	282,011	-	-	-	-
		-	**-**	**612,471**	**612,471**	**-**	**-**	**-**	**-**

The Company
31 December 2016

	Carrying amount					Fair value			
In thousands of Naira	Notes	Held to maturity	Loans & receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets not measured at fair value									
- Cash and cash equivalent	21	-	783,043	-	783,043	783,043	-	-	783,043
- Other receivables	19(a)	-	140,546	-	140,546	-	-	-	-
- Treasury Bills	17(b)	5,135,327	-	-	5,135,327	5,156,241	-	-	5,156,241
- Federal Government Bonds	17(a)	14,871,360	-	-	14,871,360	10,922,878	-	-	10,922,878
- Corporate Government Bonds	17(a)	1,297,992	-	-	1,297,992	1,304,205	-	-	1,304,205
- State Government Bonds	17(a)	2,968,581	-	-	2,968,581	3,506,721	-	-	3,506,721
		24,273,260	**923,589**	**-**	**25,196,850**	**21,673,089**	**-**	**-**	**21,673,089**
Financial liabilities not measured at fair value									
- Payables and accruals	27	-	-	330,460	330,460	-	-	-	-
- Other liabilities	28	-	-	282,011	282,011	-	-	-	-
		-	**-**	**612,471**	**612,471**	**-**	**-**	**-**	**-**

The Company
31 December 2015

In thousands of Naira	Notes	Carrying amount: Held to maturity	Carrying amount: Loans & receivables	Carrying amount: Liabilities at amortised cost	Carrying amount: Total carrying amount	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total fair value
Financial assets not measured at fair value									
- Cash and cash equivalent	21	-	3,673,144	-	3,673,144	-	3,673,144	-	3,673,144
- Trade receivables	18(a)	-	-	-	-	-	-	-	-
- Other receivables	19(a)	-	58,032	-	58,032	-	-	-	-
- Treasury Bills	17(b)	5,328,894	-	-	5,328,894	5,516,197	-	-	5,516,197
- Federal Government Bonds	17(a)	10,911,046	-	-	10,911,046	11,520,875	-	-	11,520,875
- Corporate Government Bonds	17(a)	1,092,983	-	-	1,092,983	1,100,658	-	-	1,100,658
- State Government Bonds	17(a)	3,393,260	-	-	3,393,260	3,109,617	713,693	-	3,823,310
		20,726,183	**3,731,176**	**-**	**24,457,359**	**21,247,347**	**4,386,837**	**-**	**25,634,184**
Financial liabilities not measured at fair value									
- Payables and accruals	27	-	-	469,087	469,087	-	-	-	-
- Other liabilities	28	-	-	387,659	387,659	-	-	-	-
		-	**-**	**856,746**	**856,746**	**-**	**-**	**-**	**-**

9 Revenue

In thousands of Naira	Group 2016	Company 2016	Company 2015
Eligibility fees	12,365	12,365	2,046
Depository fees	958,336	958,336	1,131,408
Transaction fees	1,635,809	1,635,809	2,664,702
OTC (Fixed Income) Transaction fees	16,033	16,033	16,562
Total fees income	**2,622,543**	**2,622,543**	**3,814,718**

10 Interest Income

In thousands of Naira	Group 2016	Company 2016	Company 2015
Fixed deposits	60,192	60,192	62,452
Treasury bills	535,688	535,688	1,028,067
Federal Government bonds	1,979,346	1,979,346	1,475,947
Corporate bonds	153,512	153,512	146,588
State bonds	482,018	482,018	431,383
Total interest income	**3,210,756**	**3,210,756**	**3,144,437**

11 Other income

In thousands of Naira	Group 2016	Company 2016	Company 2015
Settlement Banks Participation Fees	18,000	18,000	19,000
Collateral management fees (see note (a) below)	118,534	118,534	71,336
Statement of stock position fees	13,550	13,550	20,812
Special Accounts Fee	11,433	11,433	9,027
Miscellaneous Income (see note (b) below)	2,179	2,179	22,813
Profit on disposal of property and equipment	500	500	1,173
Data centre subscriptions (see note (c) below)	99,619	99,619	126,073
Website subscription fees (See note (d) below)	31,082	31,082	28,267
Data Exchange services	-	-	436
Commission received on FGN Bonds	19,346	19,346	-
Other fees (See note (e) below)	17,997	17,997	56,381
Staff loan interest	1,555	1,555	-
Legal Entity Identifier Subscription	6,909	6,909	3,025
Write back of Performance bonus provision	-	-	284,279
	340,704	**340,704**	**642,622**

(a) Collateral management fees represent fees charged for services rendered to investors and corporates who have offered securities as collateral for credit facility. The Company transfers such securities into a dormant account to restrict the investor (borrower) from assessing the securities.

(b) Miscellaneous income comprises signature mandate card fees, customer identity card fee and token issuance fees.

(c) Data centre subscriptions represent fees charged for data storage services rendered to companies for serving as a secondary data storage and disaster recovery in event of data loss.

(d) Website Subscription fees represent all the fees paid for online access to individual accounts.

(e) Other fees

Other fees can be analysed as follows:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Public offer of shares fees	837	837	27,793
Consolidation of shares fees	12,689	12,689	18,618
Other service fees	4,471	4,471	9,970
	17,997	**17,997**	**56,381**

12 Expenses

12.1(I) Personnel Expenses

In thousands of Naira	Group 2016	Company 2016	Company 2015
Salaries and allowances	788,736	786,580	683,218
Staff training and development	69,409	69,409	122,700
Staff welfare and medical expenses	110,412	110,204	114,867
Performance Bonus (see note (i) below)	-	-	263,985
Staff Long Term Benefit (see note (ii) below)	16,775	16,775	29,476
Nigeria Social Insurance Trust Fund (NSITF)	2,908	2,908	2,291
Staff pension contribution (see note (iii) below)	62,737	62,737	59,225
	1,050,977	**1,048,613**	**1,275,762**

(i) Performance bonus provision for 2016 was not made because the year to date result was below the required threshold of 80% of bugdeted profit before tax for the year ended 31 December 2016.

(ii) Staff long term benefit represents net cost to profit or loss. It comprises the current service cost which is actuarially determined and the net interest income. Information relating to the actuarial valuation of the staff long term benefit pay is disclosed in note 29.2(i).

(iii) The Company operates a funded defined contribution retirement scheme for its employees under the provision of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary. The Company does not have any additional legal or constructive obligation to pay further contributions if the PFAs do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

12.1(ii) Employee Information:

(a) The average number of persons employed during the year were as follows:

	Group 2016	Company 2016 Number	Company 2015 Number
Executive Directors*	1	1	1
Management	4	4	3
Non-management	101	100	98
	106	**105**	**102**

** The former Managing Director, Kyari Bukar, retired from the Board with effect from 31 December 2016*

(b) The directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) was:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Chairman	33,482	33,482	19,527
Other directors	347,210	347,210	287,172
	380,692	**380,692**	**306,699**

The Directors remuneration as shown above includes:

In thousands of Naira	Group 2016	Company 2016	Company 2015
The Chairman	33,482	33,482	19,527
The highest paid director	74,484	74,484	72,600

(c) The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	Group 2016	Company 2016	Company 2015
N1,000,000 - N5,000,000	-	-	2
N5,000,001 and above	11	11	11
	11	**11**	**13**

(d) The employees of the Group, other than directors, who received remuneration in the following range (excluding pension contributions and other benefits) were:

	Group 2016	Company 2016	Company 2015
N60,000 - N1,000,000	-	-	-
N1,000,001 - N3,000,000	46	45	43
N3,000,001 - N6,000,000	38	38	37
N6,000,001 - N9,000,000	4	4	4
N9,000,001 and above	18	18	18
	106	**105**	**102**

12.2 Operating expenses

In thousands of Naira	Group 2016	Company 2016	Company 2015
Maintenance expenses	25,892	25,892	34,742
Office Running Expenses (see note (a) below)	290,006	290,006	200,468
Business Development (see note (b) below)	352,205	352,205	267,067
Board of Directors expenses	434,801	434,801	232,171
Donations	35,058	35,058	60,316
Professional Fees	90,750	83,663	114,401
Audit Fees	18,000	18,000	18,700
Other operating expenses (see note (c) below)	26,373	26,373	141,349
Insurance Repository - Pre-operational expenses	10,417	-	-
Bank charges	13,280	13,280	12,297
Marketing expenses	-	-	30,039
Industrial Training Fund	7,191	7,191	10,789
	1,303,974	**1,286,469**	**1,122,339**

(a) Office running expenses represents expenses incurred in running the business efficiently which comprise rent and rates expense, travel expense, subscription, insurance, printing and stationery, marketing and brand communication expense, and other administrative expenses.

(b) **Business development expenses**
Business development expenses can be analysed as follows:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Data centre	91,679	91,679	86,426
Travelling	110,983	110,983	68,579
Business Development	3,384	3,384	14,249
Digital centre services expenses	56,941	56,941	64,823
Software license fees	78,408	78,408	32,789
Legal Entity Idenitifier remittance	2,801	2,801	201
Project Meridian - incidental expenses	8,009	8,009	-
	352,205	**352,205**	**267,067**

(c) **Other operating expenses**
Other operating expenses can be analysed as follows:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Filing fees	1,081	1,081	245
Entertainment	2,237	2,237	3,708
AGM expenses	6,740	6,740	5,100
Investor Relations Expense	4,059	4,059	3,160
Insurance Repository Expense	-	-	40
Project meridian - incidental expenses	-	-	88,793
Investor Protection Scheme	8,286	8,286	-
Other operating expense	3,970	3,970	40,303
	26,373	**26,373**	**141,349**

12.3 Depreciation and amortisation

In thousands of Naira	Group 2016	Company 2016	Company 2015
Depreciation of property and equipment	126,791	126,791	98,301
Amortisation of intangible assets	24,109	24,109	34,668
	150,900	**150,900**	**132,969**

13 Taxation

13(a) Income tax expense

In thousands of Naira	Group 2016	Company 2016	Company 2015
Corporate income tax	167,682	167,682	571,970
Education tax	13,406	13,406	40,567
Information technology levy	37,874	37,874	50,407
Income tax	**218,962**	**218,962**	**662,944**
Reversal of temporary differences - deferred tax	(27,722)	(27,722)	(107,527)
	191,240	**191,240**	**555,417**

Reconciliation of effective tax rate

in thousands of Naira	31 December 2016		31 December 2015	
	Tax rate	Amount	Tax rate	Amount
Profit before tax		3,787,415		5,015,717
Income tax using the domestic corporation tax rate	30.00%	1,136,224	30.0%	1,504,715
Non-deductible expenses	0.08%	3,000	1.2%	60,772
Non taxable income	-24.96%	(945,169)	-19.2%	(961,894)
Education tax	0.35%	13,406	0.8%	40,567
Impact of NITDA Levy	1.00%	37,874	0.7%	35,284
Changes in estimates related to prior years	-1.43%	(54,095)	0.0%	-
	5.05%	**191,240**	**13.50%**	**555,417**

13(b) Deferred tax assets/(liabilities):

Deferred tax assets/(liabilities) attributable to the following:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Property and equipment, and software	(39,596)	(39,596)	(48,711)
Trade receivables	114,189	114,189	116,074
Defined benefit plan	(54,573)	(54,573)	(60,986)
	20,020	**20,020**	**6,377**

Movement in deferred tax balances:

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2016					
Property and equipment	(48,711)	9,115	-	(39,596)	(39,596)
Trade receivables	116,074	(1,885)	-	114,189	114,189
Defined benefit plan	(60,986)	20,492	(14,079)	(54,573)	(54,573)
Tax assets/(liabilities)	**6,377**	**27,722**	**(14,079)**	**20,020**	**20,020**

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/ (liabilities)
31 December 2015					
Property and equipment	(46,781)	(1,930)	-	(48,711)	(48,711)
Trade receivables	-	116,074	-	116,074	116,074
Defined benefit plan	-	(6,617)	(54,369)	(60,986)	(60,986)
Tax assets/(liabilities)	**(46,781)**	**107,527**	**(54,369)**	**6,377**	**6,377**

13© Taxation payable

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	663,550	663,550	1,108,442
Charge for the year (see note 13(a) above)	218,962	218,962	662,944
Payments during the year	(596,335)	(596,335)	(1,107,836)
Balance, end of year	**286,177**	**286,177**	**663,550**

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2016 was based on the profit attributable to ordinary shareholders of N3.533billlion for the Group and N3.596billion for the Company (31 December 2015: N4.46billion) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2015: 5,000,000,000).

In thousands of Naira	Group 2016	Company 2016	Company 2015
Profit attributable to ordinary shareholders	3,532,956	3,596,175	4,460,300
In thousands of unit			
Weighted average number of ordinary shares (basic/diluted)	5,000,000	5,000,000	5,000,000
Earnings per share (basic/diluted) - Kobo	71k	72k	89k

15 Property and equipment

The Group

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in -progress	Total
Cost or valuation							
Balance at 1 January 2016	223,780	121,547	139,056	799,699	59,448	6,068	1,349,598
Additions	22,000	10,303	24,848	11,161	12,737	295,476	376,525
Reclassification from WIP	-	-	5,624	444	-	(6,068)	-
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance as at 31 December 2016	**245,780**	**131,850**	**164,000**	**811,304**	**72,185**	**295,476**	**1,720,595**
Accumulated depreciation and impairment							
At 1 January 2016	109,296	85,619	107,077	707,033	14,493	-	1,023,518
Depreciation for the year	50,774	10,088	13,754	30,569	21,606	-	126,791
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance as at 31December 2016	**160,070**	**95,707**	**115,303**	**737,602**	**36,099**	**-**	**1,144,781**
Carrying amount as at 31 December, 2016	**85,710**	**36,143**	**48,697**	**73,702**	**36,086**	**295,476**	**575,814**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2015: Nil)

(b) There were no capital commitments

The Company

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in -progress	Total
Cost or valuation							
Balance at 1 January 2015	171,730	113,592	122,546	741,583	-	91,926	1,241,377
Additions	91,800	5,991	16,626	22,828	-	42,287	179,532
Reclassification from WIP	-	3,350	4,876	60,471	59,448	(128,145)	-
Disposals	(39,750)	(1,386)	(4,992)	(25,183)	-	-	(71,311)
Balance at 31 December 2015	**223,780**	**121,547**	**139,056**	**799,699**	**59,448**	**6,068**	**1,349,598**
Balance at 1 January 2016	223,780	121,547	139,056	799,699	59,448	6,068	1,349,598
Additions	22,000	10,303	24,848	11,161	12,737	295,476	376,525
Reclassification from WIP	-	-	5,624	444	-	(6,068)	-
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance as at 31 December 2016	**245,780**	**131,850**	**164,000**	**811,304**	**72,185**	**295,476**	**1,720,595**

In thousands of Naira	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in -progress	Total
Accumulated depreciation and impairment							
At 1 January 2015	106,573	77,342	101,468	710,417	-	-	995,800
Depreciation for the year	42,407	8,981	10,602	21,818	14,493	-	98,301
Disposals	(39,684)	(704)	(4,993)	(25,202)	-	-	(70,583)
Balance at 31 December 2015	**109,296**	**85,619**	**107,077**	**707,033**	**14,493**	**-**	**1,023,518**
At 1 January 2016	109,296	85,619	107,077	707,033	14,493	-	1,023,518
Depreciation for the year	50,774	10,088	13,754	30,569	21,606	-	126,791
Disposals	-	-	(5,528)	-	-	-	(5,528)
Balance as at 31 December 2016	**160,070**	**95,707**	**115,303**	**737,602**	**36,099**	**-**	**1,144,781**
Carrying amount as at 31 December, 2015	**114,484**	**35,928**	**31,979**	**92,666**	**44,955**	**6,068**	**326,080**
Carrying amount as at 31 December, 2016	**85,710**	**36,143**	**48,697**	**73,702**	**36,086**	**295,476**	**575,814**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2015: Nil)

(b) There were no capital commitments

16 Intangible assets

The Group

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance as at 1 January 2016	2,070,596	200,941	2,271,537
Additions during the year	55,181	349,058	404,239
Balance as at 31 December 2016	**2,125,777**	**549,999**	**2,675,776**
Accumulated Amortisation:			
Balance as at 1 January 2016	2,038,439	-	2,038,439
Amortisation charge for the year	24,109	-	24,109
Balance as at 31 December 2016	**2,062,548**	**-**	**2,062,548**
Carrying amount:			
At 31 December 2016	**63,229**	**549,999**	**613,228**

The Company

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance at 1 January 2015	2,059,430	29,280	2,088,710
Additions	11,166	171,661	182,827
Disposals	-	-	-
Balance as at 31 December 2015	**2,070,596**	**200,941**	**2,271,537**
Balance as at 1 January 2016	2,070,596	200,941	2,271,537
Additions during the year	55,181	349,058	404,239
Balance as at 31 December 2016	**2,125,777**	**549,999**	**2,675,776**
Accumulated Amortisation:			
Balance as at 1 January 2015	2,003,771	-	2,003,771
Amortisation charge for the year	34,668	-	34,668
Disposals	-	-	-
Balance as at 31 December 2015	**2,038,439**	**-**	**2,038,439**
Balance as at 1 January 2016	2,038,439	-	2,038,439
Amortisation charge for the year	24,109	-	24,109
Balance as at 31 December 2016	**2,062,548**	**-**	**2,062,548**
Carrying amount:			
At 31 December 2015	**32,157**	**200,941**	**233,098**
At 31 December 2016	**63,229**	**549,999**	**613,228**

(a) There were no capitalised borrowing costs related to the acquisition of the intangible assets during the year.

(b) Software under development represents the qualifying capital expenditure incurred on the Project Meridian, a new CSD platform that will replace the current platform, EQUATOR, upon completion.

The Company reached an agreement with Tata Consulting Services India for the implementation of a new CSD Application and this has been registered with the National Office for Technology Acquisition and Promotion (NOTAP) with the following details: Registration Certificate Number: CR 005876 & CR 005950; Certificate Date: 18 September 2015 and 5 February 2016; Registered Amount: USD2,555,556.00; Subject Matter: Software License; NOTAP File Number: NOTAP/AG/FI/1797/1/274; Certificate Expiry Date: 30 June 2016.

17 Investment Securities

Investments can be analysed as follows:

17(a) Non-current investment securities

Held to maturity *In thousands of Naira*	**Group 2016**	**Company 2016**	**Company 2015**
Federal Government bonds (See note 17.1 below)	14,871,360	14,871,360	10,911,046
Corporate bonds (See note 17.2 below)	1,297,992	1,297,992	1,092,983
State Government bonds (See note 17.3 below)	2,968,581	2,968,581	3,393,260
Total non-current held to maturity	**19,137,933**	**19,137,933**	**15,397,289**

Available for sale investment securities *In thousands of Naira*	**Group 2016**	**Company 2016**	**Company 2015**
NSE Consult Limited	10	10	10
NSE Nominees Limited	100	100	100
Total non-current available for sale investment securities	**110**	**110**	**110**
Total non-current investment securities	**19,138,043**	**19,138,043**	**15,397,399**

17(b) Current investment securities

In thousands of Naira	**Group 2016**	**Company 2016**	**Company 2015**
Treasury Bills (see note 17.4 below)	5,135,327	5,135,327	5,328,895
Total current investment securities	**5,135,327**	**5,135,327**	**5,328,895**
Total investment securities	**24,273,370**	**24,273,370**	**20,726,294**

17.1 Analysis of Federal Government bonds

In thousands of Naira	**31 December 2016**				**31 December 2015**	
	Coupon rate	**Maturity date**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
FGN bond (FGN bond Apr 2017)	15.10%	27-Apr-17	4,052,550	4,161,573	4,052,550	4,167,523
FGN bond (FGN bond Jun 2019)	16.00%	29-Jun-19	535,000	593,864	535,000	555,679
FGN bond (FGN bond Aug 2016)	13.05%	16-Aug-16	-	-	3,380,000	3,550,998
FGN bond (FGN bond Jan 2022)	16.39%	27-Jan-22	1,000,000	1,104,245	1,000,000	1,108,077
FGN bond (FGN bond Feb 2020)	15.54%	13-Feb-20	1,150,000	1,275,124	150,000	157,268
FGN bond (FGN bond Jan 2026)	12.50%	22-Jan-26	3,900,000	4,035,615	-	-
FGN bond (FGN bond Jul 2021)	14.50%	15-Jul-21	3,105,150	3,264,615	-	-
FGN bond (Local contractor's bond) 2016	Zero/16%	09-Dec-16	-	-	900,000	926,426
FGN bond (Local contractor's bond) 2017	Zero/16.5%	20-Apr-17	420,000	436,324	420,000	445,075
Total			**14,162,700**	**14,871,360**	**10,437,550**	**10,911,046**

17.2 Analysis of Corporate bonds

In thousands of Naira	31 December 2016				31 December 2015	
	Coupon rate	Maturity date	Face value	Carrying amount	Face value	Carrying amount
UBA Plc (Corporate Bond 2018)	14.00%	01-Oct-18	1,060,000	1,094,452	1,060,000	1,092,983
Forte Oil Plc (Corporate Bond 2021)	17.50%	24-Nov-21	200,000	203,540	-	-
Total			**1,260,000**	**1,297,992**	**1,060,000**	**1,092,983**

17.3 Analysis of State Government bonds

In thousands of Naira	31 December 2016				31 December 2015	
	Coupon rate	Maturity date	Face value	Carrying amount	Face value	Carrying amount
Lagos State Bond (Nov 2019)	14.50%	22-Nov-19	767,895	736,799	850,000	916,027
Gombe State Bond (Mar 2023) *	16.00%	27-Mar-23	250,000	162,506	250,000	189,414
Niger State Bond (Dec 2021) *	17.00%	12-Dec-21	650,000	404,042	498,754	443,678
Bauchi State Bond (Dec 2021)	15.50%	08-Dec-21	350,000	286,771	335,286	322,518
Plateau State Bond (Mar 2022)	17.50%	30-Mar-22	500,000	455,406	500,000	501,659
Zamfara State Bond (May 2022)	17.00%	19-May-22	700,000	616,057	700,000	680,734
Cross River State Bond (May 2022)	17.00%	27-May-22	350,000	307,000	350,000	339,230
Total			**3,567,895**	**2,968,581**	**3,484,040**	**3,393,260**

*These State Government bonds were restructured during the year with adjustment in coupon rate and extension of maturity dates.

17.4 Treasury Bills

(a) Analysis of Treasury bills - 31 December 2016

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 28 July 2017	365	18.45%	28-Jul-17	120,000	106,838
Treasury Bills - 20 July 2017	353	18.45%	20-Jul-17	290,000	259,301
Treasury Bills - 16 February 2017	188	17.95%	16-Feb-17	120,000	117,127
Treasury Bills - 16 March 2017	199	17.95%	16-Mar-17	450,000	432,872
Treasury Bills - 25 May 2017	259	17.95%	25-May-17	395,000	365,995
Treasury Bills - 14 September 2017	364	18.05%	14-Sep-17	750,000	651,957
Treasury Bills - 16 March 2017	182	17.00%	16-Mar-17	550,000	530,283
Treasury Bills - 14 September 2017	356	18.48%	14-Sep-17	615,000	532,809
Treasury Bills - 5 October 2017	363	18.45%	5-Oct-17	160,000	136,996
Treasury Bills - 29 June 2017	315	17.30%	29-Jun-17	1,000,000	911,780
Treasury Bills - 14 December 2017	359	18.50%	14-Dec-17	200,000	164,624
Treasury Bills - 24 August 2017	353	18.40%	24-Aug-17	160,000	140,358
Treasury Bills - 30 November 2017	364	18.45%	30-Nov-17	350,000	290,431
Treasury Bills - 14 December 2017	356	18.45%	14-Dec-17	600,000	493,956
Total				**5,760,000**	**5,135,327**

(b) Analysis of Treasury bills - December 2015

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 7 Apr 2016	217	14.60%	7-Apr-16	200,000	191,985
Treasury Bills - 14 Jan 2016	252	13.95%	14-Jan-16	270,000	268,485
Treasury Bills - 11 Feb 2016	149	14.15%	11-Feb-16	500,000	491,704
Treasury Bills - 22 Sep 2016	353	13.40%	22-Sep-16	150,000	135,140
Treasury Bills - 25 Feb 2016	181	15.00%	25-Feb-16	400,000	390,571
Treasury Bills - 11 Feb 2016	150	14.42%	11-Feb-16	500,000	491,540
Treasury Bills - 11 Feb 2016	289	13.35%	11-Feb-16	826,695	813,407
Treasury Bills - 28 Jan 2016	274	13.88%	28-Jan-16	173,305	171,372
Treasury Bills - 17 Mar 2016	259	13.65%	17-Mar-16	400,000	388,094
Treasury Bills - 11 Feb 2016	153	14.45%	11-Feb-16	550,000	540,668
Treasury Bills - 30 Jun 2016	275	13.43%	30-Jun-16	260,000	242,314
Treasury Bills - 21 Jan 2016	91	7.87%	21-Jan-16	600,000	597,267
Treasury Bills - 7 Apr 2016	135	4.50%	7-Apr-16	250,000	246,981
Treasury Bills - 7 Apr 2016	163	9.81%	7-Apr-16	370,000	359,366
Total				**5,450,000**	**5,328,895**

18(a) Trade receivables

In thousands of Naira	Group 2016	Company 2016	Company 2015
Trade receivables (See note (i) below)	383,755	383,755	388,537
Allowance for doubtful trade receivables (See note 18(b) below)	(368,233)	(368,233)	(386,912)
Net Carrying amount	**15,522**	**15,522**	**1,625**

(i) Total trade and other receivables

Trade receivables arise from the principal revenue generating activities of the Group which are explained below:

- Eligibility fees relate to annual fees paid by the stockbroking firms for trading in the Nigerian Stock Exchange market and NASD, N25,000 & N15,000 respectively is paid annually and directly to CSCS.
- Depository fee relates to fees paid by the companies whose shares are listed for trading on the floor of the Nigerian Stock Exchange. It is charged based on 0.009% to 0.0125% of the company's market capitalization as at 1 December of the preceding year.
- Settlement bank participation fees of N1,000,000 are paid annually by settlement banks to CSCS.

18(b) Allowances for doubtful trade receivables

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	386,912	386,912	332,476
Charge during the year	47,769	47,769	58,684
Allowances no longer required	(66,448)	(66,448)	(4,248)
Net (reversal)/charge for the year	**(18,679)**	**(18,679)**	**54,436**
Write offs	-	-	-
Balance, end of year	**368,233**	**368,233**	**386,912**

Impairment on trade receivables is triggered when a trade receivables balance is outstanding for more than 180 days. Allowances against doubtful trade receivables are recognised based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The Group recognises allowance for doubtful trade receivables of 100% against all receivables over 180 days on an individual customer basis.

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

19(a) Other assets

In thousands of Naira	Group 2016	Company 2016	Company 2015
Financial assets			
Staff Debtors	23,058	23,058	24,801
Amount due from NG Clearing Ltd	35,656	35,656	-
Other receivables (See note (i) below)	278,571	278,571	279,222
Gross financial assets	**337,285**	**337,285**	**304,023**
Allowance for doubtful other receivables (see note 19(b) below)	(196,739)	(196,739)	(277,454)
Net financial assets	**140,546**	**140,546**	**26,569**
Non-financial assets			
Withholding tax recoverable	59,938	59,938	31,463
Stock Account- KYC Biometrics	244	244	316
Prepayment	306,766	294,432	167,411
Sundry stock	9,553	9,553	5,919
Total non-financial assets	**376,501**	**364,167**	**205,109**
Total other assets	**517,047**	**504,713**	**231,678**

(I) Included in other receivables is a fixed deposit with Wema Bank Plc amounting to N277 million for which there is a dispute. This amount determined not to be recoverable has been impaired.

19(b) Allowances for doubtful other receivables

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	277,454	277,454	277,454
Charge during the year	1,117	1,117	-
Allowances no longer required	(81,832)	(81,832)	-
Balance, end of year	**196,739**	**196,739**	**277,454**

20 Impairment (reversal)/loss on financial assets

In thousands of Naira	Group 2016	Company 2016	Company 2015
Impairment (reversal)/loss on trade receivables (Note 18(b))	(18,679)	(18,679)	54,436
Net impairment (reversal)/loss on other receivables (Note 19(b))	(80,715)	(80,715)	-
	(99,394)	**(99,394)**	**54,436**

21 Cash and cash equivalents

In thousands of Naira	Group 2016	Company 2016	Company 2015
Cash at hand	250	250	7,449
Balances with banks	234,288	234,243	480,354
Fixed deposits	302,282	302,282	3,085,533
Treasury bills with original maturity period of 90 days or less (see note (i) below)	246,268	246,268	99,808
	783,088	**783,043**	**3,673,144**

(i) Analysis of Treasury Bills - 31 December 2016

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 02 February 2017	41	16.50%	2-Feb-17	250,000	246,268
Total				**250,000**	**246,268**

(i) Analysis of Treasury Bills - 31 December 2015

In thousands of Naira	Tenor	Rate	Maturity date	Face value	Carrying amount
Treasury Bills - 14 Jan 2016	71	5.00%	14-Jan-16	100,000	99,808
Total				**100,000**	**99,808**

22 Intercompany receivables

In thousands of Naira	Group 2016	Company 2016	Company 2015
Intercompany receivables (See note a)	-	32,247	-
Carrying amount	**-**	**32,247**	**-**

(a) Intercompany receivables represent amount receivable from the Company's subsidiary, Insurance Repository Nigeria Limited for payments made by the Company with respect to the pre-operational expenses incurred on behalf of the subsidiary

23 Equity-accounted investee

In thousands of Naira	Group 2016	Company 2016	Company 2015
Investment in Joint Venture - NG Clearing Limited (See note 23(a) below)	62,500	62,500	-
Share of loss from joint venture	(43,351)	-	-
Carrying amount	**19,149**	**62,500**	**-**

(a) Investment in Joint Venture - NG Clearing Limited

NG Clearing Limited is a joint venture in which the Group has joint control and a 50% ownership interest. It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated during the year and has not commenced operations. The net operating loss arising from pre-operational expenses amounts to N86.7 million and the Group has accounted for its share of the operating loss.

Total amount recognised in profit or loss is as follows:

In thousands of Naira	Group 2016	Company 2016	Company 2015
Share of loss from joint venture in NG Clearing Limited	(43,351)	-	-
Carrying amount	**(43,351)**	**-**	**-**

24 Investment in subsidiary

In thousands of Naira	Group 2016	Company 2016	Company 2015
Insurance Repository Nigeria Limited	-	10,000	-
Carrying amount	**-**	**10,000**	**-**

The Company has a 99.9% holding in Insurance Repository Nigeria Limited. Insurance Repository Nigeria Limited was incorporated in Nigeria and was yet to commence operations as at 31 December 2016. Its principal objective is to enhance the record keeping of insurance data and policies.

25 Capital and reserves

25(a) Share Capital

Share capital - Authorised

In thousands of unit	Group 2016	Company 2016	Company 2015
5,000,000,000 ordinary shares of N1 each	5,000,000	5,000,000	5,000,000
Share capital - in issue at 31 December - fully paid			
Ordinary share in issue and fully paid at 1 January	5,000,000	5,000,000	5,000,000
Ordinary share in issue and fully paid as at end of the year	**5,000,000**	**5,000,000**	**5,000,000**

26 Intercompany payables

In thousands of Naira	Group 2016	Company 2016	Company 2015
Insurance Repository Nigeria Limited (See note (a) below)	-	10,000	-
Carrying amount	**-**	**10,000**	**-**

(a) Intercompany payables represents amount payable to the Company's subsidiary, Insurance Repository Nigeria Limited for purchase of the subsidiary's shares.

27 Payables and accruals

In thousands of Naira	Group 2016	Company 2016	Company 2015
Financial liabilities			
Sundry creditors	128,141	128,141	192,402
Accruals	119,613	119,613	-
NG Clearing Limited	62,500	62,500	-
(NSE/CSCS) X- alert fees (see (a) below)	8,461	8,461	5,155
Trade creditors	-	-	40
Audit fees	11,745	11,745	4,372
CSCS Staff Multipurpose Co-operative	-	-	2,537
Total other financial liabilities	**330,460**	**330,460**	**204,506**
Non-financial liabilities			
National Housing Fund	604	604	596
Staff pension fund	9,283	9,283	-
Staff productivity bonus (see (c) below)	-	-	263,985
Unearned income (See (b) below)	72,807	72,807	63,095
Total other non-financial liabilities	**82,694**	**82,694**	**327,676**
Total payables and accruals	**413,154**	**413,154**	**532,182**

(a) NSE/CSCS) X- alert fees: A sharing formula for the costs remains to be agreed upon by both the NSE and CSCS.

(b) Unearned income include payment received for lien services rendered to AMCON as well as depository fee, eligibility fee and settlement bank participation fee which is yet to be earned as at the year end 31 December 2016.

(c) Movement in staff productivity bonus accrual

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	263,985	263,985	612,259
Additional provisions made during the year	-	-	263,985
Payment to staff during the year	(263,985)	(263,985)	(327,980)
Write back of excess provision from prior year	-	-	(284,279)
Balance, end of year	**-**	**-**	**263,985**

28 Other liabilities

In thousands of Naira	Group 2016	Company 2016	Company 2015
Financial liabilities			
Unclaimed Dividends (see note (a) below)	49,846	49,846	128,640
CSCS Individual Divestment	1,290	1,290	1,290
CSCS Share Buy-Back	54,107	54,107	1,227
Exchange Traded Fund Distribution Accounts	4,925	4,925	5,730
Amount due to Adonai Net	5,846	5,846	4,169
Amount due to Investment and Securities	33,751	33,751	51,893
PAYE liability	60,374	60,374	46,201
Withholding tax liability	15,792	15,792	14,398
Value Added Tax liability	55,849	55,849	56,028
Managed funds (see note 28(b) below)	232	232	78,084
	282,011	**282,011**	**387,660**

(a) The balance of the unclaimed dividend is fixed with Fidelity Bank Plc and a total of N4.016 million was earned as interest income on amount during the year.

28(b) Managed Funds

In thousands of Naira	Group 2016	Company 2016	Company 2015
Settlement Guarantee Fund (see note (i) below)	-	-	77,852
Dumez-Divestment Fund	232	232	232
	232	**232**	**78,084**

(I) Settlement Guarantee Fund was created by the Nigerian Stock Exchange (NSE) to ensure and guarantee cash settlement of Nigerian Stock Exchange transactions. The fund is financed by the Nigerian Stock Exchange dealing member firms in Nigeria. The members at present contribute to this fund, a one-time contribution of N100,000 each to the fund. During the year, the Company appointed a fund manager, ARM Trustees Limited to manage the assets of the fund. The asset of the fund had been transferred to the fund manager as at 31 December 2016.

29 Pension plan and other employment benefits

29.1 Defined contribution plan

All the employees of the Group qualify for the contributory pension scheme of Nigeria. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Pension contribution of a percentage of employees emoluments (10% by the employer and 8% by the employees) are made in accordance with the Pension Reform Act 2014.

The total expense recognized in profit or loss of N62,737,053.81 (2015: N59,225,366.69) represents contributions payable to these plans by the Group at the rates specified in accordance with the Pension Reform Act 2014 (amended).

29.2 Defined benefit plan

At its meeting of 7 November, 2012, the Board of Directors of the Company resolved to establish a Long Term Severance Benefit Scheme in order to make provisions for the terminal payments to staff upon exit from the employment of the Company. On 11 December 2013, the Board approved the details of the Scheme as presented by the Management. The Scheme entitles employees to 50% of their Annual Total Emolument as at the date of retirement on completion of five years' continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100% for years of service more than 10 years and 0% for years of services less than 5 years. Amount contributed in each year into the scheme is expensed in the year in which they are due. The defined benefit plan is administered by the Company but the funds are managed by Capital Express Assurance Company Plc. and UTIB Insurance Brokers Limited as Advisers. The fund administrators are legally separate from the Group.

The scheme is fully funded by the Group. The funding requirements are based on the measurement framework set out in the funding policies of the plan. Employees are not required to contribute to the scheme. The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2016 by Alexander Forbes Consulting Actuaries Nigeria Limited, an actuary expert duly registered with the Financial Reporting Council (FRC), FRC/2012/0000000000504. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.

Analysis of the amount charged to statement of profit or loss and other comprehensive income and statement of financial position is shown below:

(i) **Per statement of profit or loss and other comprehensive income**

In thousands of Naira	Group 2016	Company 2016	Company 2015
Statement of profit or loss:			
Current service cost	(29,456)	(29,456)	(37,360)
Net interest income	12,681	12,681	7,884
Total	**(16,775)**	**(16,775)**	**(29,476)**
Statement of other comprehensive income:			
Actuarial gains and losses arising from changes in financial assumptions and experience adjustments	46,930	46,930	181,231
Total	**46,930**	**46,930**	**181,231**
Deferred tax impact	(14,079)	(14,079)	(54,369)
Total in other comprehensive income	**32,851**	**32,851**	**126,862**

(ii) **Per statement of financial position**

In thousands of Naira	Group 2016	Company 2016	Company 201
Fair value of plan assets (see note (iii) below)	483,228	483,228	432,158
Present value of funded defined benefit obligation (see note (iv) below)	(235,127)	(235,127)	(228,872)
Asset in statement of financial position	**248,101**	**248,101**	**203,286**

The amount recognised as planned asset in the statement of financial position is measured based on the fact that the Group has unconditional right to a refund. The Group has determined that, in accordance with the terms and conditions of the defined benefit plan, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. As such, no decrease in the defined benefit plan asset was necessary as at 31 December 2016 or 31 December 2015.

(iii) **Movement in fair value of plan asset**

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	432,158	432,158	-
Interest income	30,764	30,764	19,098
Remeasurement gains/(losses):			
Return on plan assets (excluding amounts included in net interest expense)	5,646	5,646	361,529
Contributions from the employer	14,660	14,660	51,531
Balance, end of year	**483,228**	**483,228**	**432,158**

(iv) Movement in the present value of defined benefit obligation

In thousands of Naira	Group 2016	Company 2016	Company 2015
Balance, beginning of year	228,872	228,872	-
Current service cost	29,456	29,456	37,360
Interest cost	18,083	18,083	11,214
Remeasurement (gains)/losses:			
Actuarial (gains)/losses arising from changes in financial assumptions and experience adjustments	(41,284)	(41,284)	180,298
Payment to fund managers	-	-	-
Balance, end of year	**235,127**	**235,127**	**228,872**

The defined benefit plan typically exposes the Group to actuarial risks such as: investment risk, interest rate risk, and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to long term investments. If the return on plan asset is below this rate, it will create a plan deficit. Currently the deposits from Central Security Clearing System (CSCS) is added to the pool of fund which is being managed as deposit administration, to which guaranteed rate of interest is agreed at the beginning of the year and based on this, return on investment is added to the fund at the end of the year.
Interest risk	A decrease in the long-term investment interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is reinsured by an external insurance company.

No other post-retirement benefits are provided to these employees.

Actuarial assumptions

The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Group 2016	31 December 2016	31 December 2015
Discount rate	16.4%	16.4%	7.0%
Salary increase rate	7.5%	7.5%	8.0%
Withdrawal and early retirement rate: within age 18 - 29	4.0%	4.0%	3.0%
Withdrawal and early retirement rate: within age 30 - 44	3.0%	3.0%	3.0%
Withdrawal and early retirement rate: within age 45 - 49	1.0%	1.0%	3.0%
Withdrawal and early retirement rate: within age 50 - 54	2.0%	2.0%	3.0%
Withdrawal and early retirement rate: within age 55 - 59	5.0%	5.0%	3.0%
Withdrawal and early retirement rate: age 60	100.0%	100.0%	3.0%
Normal Retirement age			
Males	60	60	60
Females	60	60	60

The rate of mortality assumed for members in the Scheme are based on A49/52 Ultimate table published by the Institute of Actuaries of United Kingdom.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	31 December 2016		
In thousands of naira	**Defined benefit obligation**	**+1%**	**-1%**
Discount rate (movement)	235,127	226,458	244,794
Salary increase rate (movement)	235,127	245,589	225,654
		+1 year	- 1 year
Mortality rate (movement)	235,127	235,795	234,522

30 Events after the reporting date

There are no after the reporting date events that could have had a material effect on the financial position and performance of the Group as at 31 December 2016 which have not been adequately provided for or disclosed.

31 Contingent liabilities

There are pending litigations against the Group some of which the Group is only a nominal party. Contingent liability as at 31 December 2016 stood at N2,937,245,095 (31 December 2015: N3,441,199,045). However, the directors are of the opinion that the various suits will not succeed against the Group.

Included in the current year contingent liability is the Group's share of a claim of N 1.7 billion brought by Adonai Net Nigeria Limited (Adonai Net) against the Nigerian Stock Exchange and the Group in respect of intellectual Property (IP) rights on trade alert services. Adonai Net's contract of service as vendor for the provision of trade alert services was terminated on 30 September, 2014. Adonai Net subsequently challenged the request to surrender IP rights to the name 'NSE/CSCS Trade Alert' instead insisting that it deserves to be paid a fee in consideration of forfeiting its rights.

The claim is in the sum of N3.4 billion being the consideration for the transfer of the Copyright Trademark of Adonai Net in the NSE/CSCS Trade Alert to the Exchange and the Group. Having triggered the Arbitration Agreement, the Group together with the NSE have appointed Mr. Anthony Idigbe, SAN to represent the entities at the arbitral tribunal.

32 Capital commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into account in the preparation of the consolidated and separate financial statements.

33 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management personnel.

Associate

Transactions with the Nigerian Stock Exchange also meet the definition of related party transactions, as Central Securities Clearing System Plc is an associate of the Nigerian Stock Exchange. The transactions includes rent and trade alert handling charges held by CSCS on behalf of the Nigerian Stock Exchange during the year.

In thousands of Naira			**31 December 2016**	**31 December 2015**
Name of company / Individual	**Relationship**	**Transaction type**	**Amount**	**Amount**
The Nigerian Stock Exchange	Associate	Expenses	74,262	66,355
The Nigerian Stock Exchange	Associate	Payables	8,461	2,577
The Nigerian Stock Exchange	Associate	Dividend paid	354,148	367,769
			436,871	**436,701**

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by those individuals in their dealings with the Group.

Key management personnel compensation

Compensation to the Group's key management personnel include salaries, non-cash benefits and contributions to the post-employment defined contribution plans.

Key management personnel compensation comprise:

In thousands of Naira	**31 December 2016**	**31 December 2015**
Executive compensation	86,050	70,158
Post-employment benefits	-	2,441
Directors sitting allowances	46,916	31,786
Directors allowances	301,835	204,769
	434,801	**309,136**

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (see notes 12.1 and note 29).

Key management personnel and director transactions

The value of transactions with key management personnel and entities over which they have control or significant influence were as follows:

Income

Included in income is an amount of N225 million (31 December 2015: N194 million) representing depository fees, eligibility fees, settlement participation fees and website subscription fees earned by CSCS from companies in which certain Directors have interests. The details of the income as well as the balances outstanding in receivables as at 31 December 2016 were as follows:

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2016
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	25	25
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	25	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	3,570	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	6,126	308
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	84,186	4,209
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	12,838 -	
United Bank of Africa Plc	Kennedy Uzoka	Director	Depository fee	14,247	712
Access Bank Plc	Obinna Nwosu	Director	Depository fee	15,035	795
Sterling Bank Plc	Mudathir O. Lawal	Director	Depository fee	6,291	-
UBA Plc	Kennedy Uzoka	Director	Interest Income	16,465	16,465
Access Bank Plc	Obinna Nwosu	Director	Interest Income	50,893	50,893
Sterling Bank Plc	Mudathir O. Lawal	Director	Interest Income	10,203	10,203
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Access Bank Plc	Obinna Nwosu	Director	LEI Subscription	13	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Lien Placement	25	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-
UBA Plc	Kennedy Uzoka	Director	Lien Placement	25	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	OTC Transactions	137	42
AXA Mansard Plc	Olusola Adeeyo	Director	OTC Transactions	2	2
Sterling Bank Plc	Mudathir O. Lawal	Director	OTC Transactions	81	-
Access Bank Plc	Obinna Nwosu	Director	OTC Transactions	208	14
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Settlement Bank Part Fees	1,000	-
Access Bank Plc	Obinna Nwosu	Director	Settlement Bank Part Fees	1,000	-
United Bank of Africa Plc	Kennedy Uzoka	Director	Settlement Bank Part Fees	1,000	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Settlement Bank Part Fees	1,000	-
Nigeria Breweries Plc	Ifueko Omoigui Okauru	Independent Director	Document Management	750	-
				225,194	**83,667**

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2015
Finmal Fin Co. Ltd	Alhaji Umaru Kwairanga	Director	Eligibility fee	25	-
Ashaka Cement	Alhaji Umaru Kwairanga	Director	Depository fee	5,833	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	9,988	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	115,709	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	22,949	1,147
United Bank of Africa Plc	Kennedy Uzoka	Director	Depository fee	16,657	833
Access Bank Plc	Obinna Nwosu	Director	Depository fee	18,068	903
Fidelity Bank Plc	Mr Chidi Agbapu	Director	Settlement Bank Part Fees	5,614	561
Planet Capital	Mr Chidi Agbapu	Director	Website subscription	50	-
				194,893	**3,444**

Bank balances

Included in cash and cash equivalent is an amount of N127.54 million (31 December 2015: N107 million) representing current account balances belonging to CSCS with Banks in which certain Directors have interests.

The balances as at 31 December 2016 were as follows:

In thousands of Naira				**31 December 2016**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Amount**
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	22,003
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	147
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement Account	19,636
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	90
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	4
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-USD	1,058
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-GBP	926
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-EURO	133
Sterling Bank Plc	Not Applicable	Shareholder/Director	Current account	2,487
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Current account	1,663
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Collection account	813
Access Bank Plc	Obinna Nwosu	Shareholder/Director	POS Collection account	931
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Current account	48,502
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Collection account	503
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Vetiva Griffin Etf	132
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Lotus EFT	2
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Vetiva Banking ETF	330
United Bank for Africa Plc	Uche Ike/Kenedy Uzoka	Shareholder/Director	Current account	22,647
United Bank for Africa Plc	Uche Ike/Kenedy Uzoka	Shareholder/Director	Collection account	456
United Bank for Africa Plc	Uche Ike/Kenedy Uzoka	Shareholder/Director	Depository Coll account	3,054
United Bank for Africa Plc	Uche Ike/Kenedy Uzoka	Shareholder/Director	NASD Coll. account	1,000
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019
				127,535

In thousands of Naira				**31 December 2016**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Amount**
Sterling Bank Plc	Omokayode M. Lawal	Shareholder/Director	Current account	45,152
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Current account	22,267,496
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Collection account	199,582
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	Current account	6,966,897
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	Collection account	473,646
				29,952,773

Investments

Included in investment securities is an amount of N15.03 billion as at 31 December 2016 (31 December 2015: N12.42 billion) representing treasury bills, federal government bonds and state government bonds belonging to CSCS and invested with Banks in which certain Directors have interests. The face value of the investments as at 31 December 2016 were as follows:

In thousands of Naira				**31 December 2016**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Face value**
Guaranty Trust Bank Plc	-	Shareholder	FGN Bonds	2,000,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	FGN Bonds	6,490,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	FGN Bonds	2,525,000
Guaranty Trust Bank	-	Shareholder	State Bonds	1,462,368
Access Bank Plc	Obinna Nwosu	Shareholder/Director	State Bonds	563,466
Guaranty Trust Bank	-	Shareholder	Treasury Bills	450,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Treasury Bills	650,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	Treasury Bills	350,000
Guaranty Trust Bank Plc	-	Shareholder	Fixed Deposit	270,000
Wema Bank Plc	-	Shareholder	Fixed Deposit	277,454
				15,038,288

In thousands of Naira				**31 December 2015**
Name of company / Individual	**Name of Directors**	**Relationship**	**Transaction type**	**Face value**
Access Bank Plc	Obinna Nwosu	Shareholder/Director	Treasury bills	970,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	FGN bonds	5,290,000
Access Bank Plc	Obinna Nwosu	Shareholder/Director	State Bonds	700,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	Treasury bills	490,000
United Bank for Africa Plc	Kennedy Uzoka	Shareholder/Director	FGN bonds	2,525,000
				9,975,000

The transactions with key management personnel as highlighted above were transacted at arms length. The fees were invoiced based on normal market rates for such transactions. No impairment losses have been recorded against balances outstanding during the year.

There was no material impact on the Company's basic and diluted earning per share.

34 Condensed results of consolidated entity

Condensed results of the consolidated entities as at 31 December 2016, are as follows:

In thousands of Naira	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Operating income	6,174,003	-	6,174,003	-
Operating expenses	(2,505,850)	-	(2,485,982)	(19,868)
Impairment reversal	99,394	-	99,394	-
Operating surplus/(deficit) before tax	3,767,547	-	3,787,415	(19,868)
Share of loss of equity accounted investees	(43,351)	(43,351)	-	-
Tax expense	(191,240)	-	(191,240)	-
Operating suplus after tax	3,532,956	(43,351)	3,596,175	(19,868)

Condensed financial position

In thousands of naira	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Total non-current assets	20,614,355	(85,598)	20,699,953	-
Total current assets	6,450,984	(10,000)	6,438,605	22,379
Total assets	27,065,339	(95,598)	27,138,558	22,379
Total equity	26,083,997	(53,351)	26,147,216	(9,868)
Total current liabilities	981,342	(42,247)	991,342	32,247
Total liabilities	981,342	(42,247)	991,342	32,247
Total equity and liabilities	27,065,339	(95,598)	27,138,558	22,379

35 Cash flow workings

In thousands of naira	Notes	Group 2016	Company 2016	Company 2015
(i) **Changes in intercompany receivables**				
Opening balance		-	-	-
Closing balance	22	-	(32,247)	-
Change during the year		-	(32,247)	-

	In thousands of naira	Notes	Group 2016	Company 2016	Company 2015
(ii)	**Changes in trade receivables**				
	Opening balance	18(a)	1,625	1,625	21,200
	Impairment reversal/(charge)	20	18,679	18,679	(54,436)
	Closing balance	18(a)	(15,522)	(15,522)	(1,625)
	Change during the year		4,782	4,782	(34,861)
(iii)	**Changes in other assets**				
	Opening balance	19(a)	231,678	231,678	237,884
	Impairment reversal/(charge)	20	80,715	80,715	-
	Closing balance	19(a)	(517,047)	(504,713)	(231,678)
	Change during the year		(204,653)	(192,320)	6,206
(iv)	**Changes in payables and accruals**				
	Opening balance	27	532,182	532,182	1,035,653
	Closing balance	27	(413,154)	(413,154)	(532,182)
	Change during the year		119,028	119,028	503,471
(v)	**Changes in other liabilities**				
	Opening balance	28	387,660	387,660	301,399
	Net write back of provision for productivity bonus		-	-	20,294
	Closing balance	28	(282,011)	(282,011)	(387,660)
	Change during the year		105,649	105,649	(65,967)
(vi)	**Proceeds from disposal of property and equipment**				
	Cost of property and equipment disposed	15	5,528	5,528	71,311
	Accumulated depreciation	15	(5,528)	(5,528)	(70,583)
	Profit on disposal of property and equipment	11	500	500	1,173
	Change during the year		500	500	1,901
(vii)	**Net changes in investment securities -treasury bills**				
	Balance, beginning of the year	17(b)	5,328,895	5,328,895	6,188,507
	Balance, end of the year	17(b)	(5,135,327)	(5,135,327)	(5,328,895)
	Change during the year		193,567	193,567	859,612
(viii)	**Net changes in investment securities - bonds**				
	Balance, beginning of the year	17(a)	15,397,399	15,397,399	13,548,150
	Interest receivable		93,124	93,124	520,672
	Balance, end of the year	17(a)	(19,138,043)	(19,138,043)	(15,397,399)
	Change during the year		(3,647,520)	(3,647,520)	(1,328,577)
(ix)	**Interest received**				
	Interest income	10	3,210,756	3,210,756	3,144,437
	Interest received on prior period investment		16,295	16,295	460,765
	Interest receivable on bonds	(93,124)	(93,124)	(520,672)	
			3,133,927	3,133,927	3,084,530

In thousands of Naira	Notes	Group 2016	Company 2016	Company 2015
(x) **Dividend paid**				
Balance, beginning of the year	28	128,640	128,640	141,459
Dividend declared		1,300,000	1,300,000	1,350,000
Balance, end of year	28	(49,846)	(49,846)	(128,640)
Change during the year		1,378,794	1,378,794	1,362,819

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

In thousands of Naira	**Group 2016**	**%**	**Company 2016**	**%**	**Company 2015**	**%**
Gross earnings	6,174,003		6,174,003		7,601,777	
Net impairment loss on trade receivables	99,394		99,394		(54,436)	
Bought-in-materials and services	(1,347,324)		(1,286,469)		(1,122,893)	
Value added	**4,926,073**	**100**	**4,986,928**	**100**	**6,424,448**	**100**

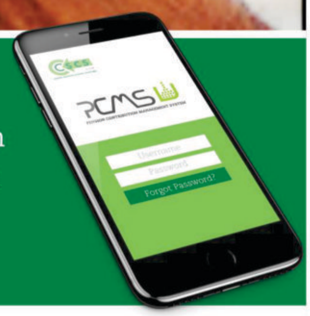
Distribution of Value Added		**%**		**%**		**%**
To Employees:						
Staff cost	1,050,977	21	1,048,613	21	1,275,762	20
To government						
Government as taxes	191,240	4	191,240	4	555,417	9
For future replacement of assets, expansion of business and payment of dividend to shareholders:						
- Depreciation and amortisation	150,900	3	150,900	3	1,350,000	21
- Dividend to shareholders	1,300,000	26	1,300,000	26	3,110,300	48
- To augment reserve	2,232,956	46	2,296,175	46	132,969	2
	4,926,073	**100**	**4,986,928**	**100**	**6,424,448**	**100**

OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY

In thousands of Naira	Group 2016	Company 2016	Company 2015	Company 2014	Company 2013	Company 2012
Assets						
Non current Assets						
Property and equipment	575,814	575,814	326,080	245,577	189,514	395,002
Intangible assets	613,228	613,228	233,098	84,941	56,181	10,258
Intercompany receivables	-	32,247	-	-	-	-
Equity-accounted investee	19,149	62,500	-	-	-	-
Investment in subsidiary	-	10,000	-	-	-	-
Investments securities	19,138,043	19,138,043	15,397,399	13,548,150	11,123,954	5,905,757
Deferred tax asset	20,020	20,020	6,377	-	-	-
Defined benefit plan asset (Net)	248,101	248,101	203,286	-	-	-
Total non current assets	**20,614,355**	**20,699,952**	**16,166,240**	**13,878,668**	**11,369,649**	**6,311,017**
Current Assets						
Investment securities	5,135,327	5,135,327	5,328,894	6,188,507	6,059,906	6,487,168
Trade receivables	15,522	15,522	1,625	21,200	291,430	602,946
Other assets	517,047	504,713	231,678	237,884	110,707	8,268
Cash and cash equivalent	783,088	783,043	3,673,144	2,747,044	1,594,397	2,023,151
Total current assets	**6,450,984**	**6,438,606**	**9,235,341**	**9,194,635**	**8,056,440**	**9,121,897**
Total assets	**27,065,339**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**	**15,432,914**
Liabilities						
Current Liabilities						
Pension plan and other employment benefits	-	-	-	-	70,406	82,013
Intercompany payables	-	10,000	-	-	-	-
Payables, provisions and accruals	413,154	413,154	532,182	1,035,653	1,175,098	701,508
Current tax liabilities	286,177	286,177	663,550	1,108,442	1,079,811	481,218
Other liabilities	282,011	282,011	387,659	301,399	8,952	8,268
Total current liabilities	**981,342**	**991,342**	**1,583,391**	**2,445,494**	**2,334,267**	**1,273,007**
Non current liabilities						
Deferred tax liabilities	-	-	-	46,781	32,839	89,221
Total non current liabilities	**-**	**-**	**-**	**46,781**	**32,839**	**89,221**
Total liabilities	**981,342**	**991,342**	**1,583,391**	**2,492,275**	**2,367,106**	**1,362,228**
Equity						
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	20,924,284	20,987,503	18,691,328	15,581,028	12,058,983	9,070,686
Other components of equity	159,713	159,713	126,862	-	-	-
Total equity	**26,083,997**	**26,147,216**	**23,818,190**	**20,581,028**	**17,058,983**	**14,070,686**
Non-controlling Interest						
Total equity and liabilities	**27,065,339**	**27,138,558**	**25,401,581**	**23,073,303**	**19,426,089**	**15,432,914**

	Group 2016	Company 2016	Company 2015	Company 2014	Company 2013	Company 2012
Total operating income	**6,174,003**	**6,174,003**	**7,601,777**	**8,241,938**	**6,943,922**	**5,172,244**
Profit before taxation	**3,724,196**	**3,787,415**	**5,015,717**	**5,759,951**	**4,824,283**	**3,094,174**
Profit after taxation	**3,532,956**	**3,596,175**	**4,460,300**	**4,622,045**	**3,738,297**	**2,577,847**
Earnings per share	**71k**	**72k**	**89k**	**92k**	**75k**	**52k**
Number of ordinary shares of N1 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000

Manage Your PENSION With Ease



CSCS Pension Contribution Management System (CSCS-PCMS) is designed to provide pension services to the formal and informal sector in line with The Pension Reform Act (PRA) 2014. It is a web-based system that enables users manage their pension remittances efficiently.

Benefits:

- Prompt remittances of pension contributions; availability of schedules once payment is successful
- Seamless transfer of RSA account from resident PFA to preferred PFA
- Easy reconciliation and investigation with the use of reports generated from the system
- Improve oversight functions by PenCom
- Promote a sustainable Pension Industry
- Inter PFA transfer of RSAs by contributors

For more information please contact :
Central Securities Clearing System Plc 1st Floor ,Stock Exchange House, 2/4 Customs Street, Lagos, Nigeria
info@cscsnigeriaplc.com, www.cscsnigeriaplc.com +234 1 903 3551, +234 1 460 1900

CORPORATE SOCIAL RESPONSIBILITY REPORT

Our approach to CSR includes how we conduct relationships with all our stakeholders and the wider impact we have on society and the environment. CSCS Plc remains committed to making decisions that have positive impact on our business and the communities we operate from.

Our approach to CSR supports our business model and sets out the essential core values that we believe make CSCS Plc a good corporate citizen.

Our focus is to grow responsibly while enhancing the quality of life of our employees, our stakeholders and the communities we operate from. CSCS is part of the society's journey and our aim is to pro-actively and ethically meet the needs of our community.

Employee Empowerment and Well-Being

We value our employees for their contribution to our business. Our employees are provided with the opportunity to develop their potential and advance their careers within the organization.

We believe that socially responsible companies invest in their employees. At CSCS, we are committed to providing a healthy work environment that optimizes the potential of a diverse workforce, and create opportunities for personal development while providing appropriate remuneration for their services.

The health and safety of our employees who contribute to the growth and development of our organization is vital to us. To this end, CSCS organized several health programmes for staff in 2016:

- Quarterly health talks were organized by the company on Lassa Fever, cervical cancer and prostate cancer. A mobile clinic was organized by the company's health insurance provider, whereby Hepatitis B immunization shots were given to staff.

- Staff was encouraged to get regular eye check-ups, free of charge.

- To continue its promise of promoting a health-conscious workforce, CSCS organized comprehensive medical screening for all employees.

Women Empowerment

At CSCS, we know that diversity is essential if we must continue to develop and grow as a business. We strive to promote a culture that empowers our female employees to enable them define success on their own terms.

We remain focused on implementing initiatives that particularly help female employees to develop into leadership roles. In 2016, CSCS commemorated the International Women's Day by hosting all female employees to an informative and interactive forum. The international theme was “Pledge for Parity”, and was anchored by Mrs. Arese Ugwu and Ms. Olayinka Ajagbe.

Community Engagement

At CSCS we understand that with engagement comes empowerment and the ability to influence and make a difference. Our aim is to empower our people and the communities in which we operate. This enables us to develop and grow in close cooperation with our employees and the society at large.

Creating Value Through Strategic Partnerships

A key ingredient to the achievement of social responsibility is through effective partnerships. Individuals and companies can no longer work in isolation towards achieving long term goals as we are interconnected, and our goals have an impact on each other and the communities we operate from. True success can only be achieved through collaboratively working in areas of shared interests and mutual benefits.

Entering partnerships with our stakeholders, enbles us to maximise synergy from joint efforts. Furthermore, this gives us valuable insights that allow us to continuously improve our Corporate Social Responsibility strategy and approach. CSCS, along with several other companies, partnered with The Nigerian Stock Exchange in the fight against cancer, by supporting and participating in the NSE Corporate Challenge. Funds raised from this initiative were used to purchase mobile cancer centres. These cancer centres will assist in screening for early detection and prevention of cancer.

Community Outreach

As a leading corporate citizen, CSCS continues to play an active role in providing sustainable community solutions by continuously encouraging our employees to volunteer and contribute in improving our social responsibility impact.

As part of our annual community outreach programme, the Management and Staff of CSCS Plc, visited the Modupe Cole Memorial Child Care and Treatment Home in Lagos. Mrs. Kayode, who is the Proprietor of the Home gave a tour of the facility and spoke about the maintenance of the Home and the children. CSCS staff spent the day interacting with the children, toured the facilities and made some donations.

Our Corporate Social Responsibility Targets For 2017

We plan to implement several CSR initiatives in 2017 in line with our new Corporate Social Responsibility Policy.

Community Development

Our intention is to advance our community together with local and global NGOs. We believe that by partnering with other corporate organisations and NGOs, we reduce the risk of creating dependency, encourage dialogue and manage expectations. We plan to improve conditions in the vicinity of our operations, and to invest in sustainable projects where local communities have a sense of ownership, thus increasing their long-term effects.

- We plan to kick-off our Adopt-A-School programme, adopting a school in a challenging environment- refurbish the facilities, donate books and have employees teach students about financial responsibility.

- *Help our Little Champions:* - We plan to reach out to children living with various disabilities, particularly children living with Autism. We intend to create an awareness campaign and partner with relevant organizations that focus on initiatives that improve their quality of life.

- *Career Day for Orphans:* We plan to engage staff to volunteer by visiting orphanages and conduct career counselling sessions. We believe that it is important to engage children and speak to them about their capabilities and what they could achieve in future.

Promote Community Engagement Culture

Operating in an ever-changing global environment makes community engagement vital for future growth.

Our aim is to build a strong foundation of employee engagement because our employees are our best and most qualified ambassadors. Our targets reflect our ambition to focus our efforts where we have the most significant, positive impact in the communities. The engagement of our employees will be the cornerstone in instigating and achieving these targets.

- *Promote Waste Reduction and Recycling in the Workplace:* We plan to aggressively reduce the amount of paper utilized in the workplace, encouraging staff to reduce unnecessary printing and to recycle waste in the workplace.

Financial Literacy and Information Security Seminars for Stakeholders

We understand the importance of information security and we plan to hold various seminars on information security and financial literacy, in order to educate our stakeholders, and reduce the number of fraudulent incident reports in the market.

- *Establish Investment Clubs in Schools:* We plan to visit schools and encourage the establishment of investment clubs. This will help educate students on the importance of financial responsibility, financial literacy and inclusion.

We view stakeholder engagement as an integral part of our business model. We will continue to collaborate and communicate with our stakeholders by maintaining relationships built on trust and strong lines of communication.

2016 EVENTS

L-R Mr. Kyari Bukar, Past CEO, CSCS, Dr. Henrietta Onwuegbuzie, Director, LBS, Dr. Tope Osikoya, CEO, Nextnomics Advisory, Mrs. Toyin Sanni, Group CEO, UBA Capital, Dr. 'Biodun Adedipe, CEO, BAA Consult at the 2016 Economic Outlook.

L-R Mr. Ayokunle Adaralegbe, Head ERM, Mr. 'Bayo Olugbemi, Board Member, CSCS, Dr. Tope Osikoya, Dr. Henrietta Onwuegbuzie, Mr. Kyari Bukar, Mrs. Toyin Sanni, Dr. Biodun Adedipe, Mr. Joe Mekiliuwa, GM, Operations & IT, CSCS, Mr. Vincent Ukoh, CFO, CSCS, Mr. Ariyo Olushekun, Board Member, CSCS, at the 2016 Economic Outlook.

L-R Mr. Seyi Abe, CIS President, Mr Ahmed Bashir, Director, UK Trade & Investment, Nigeria, Mr. Kyari Bukar, Alhaji Umaru Kwairanga, retired Board Member, Guest and Mr. Mr. Ayokunle Adaralegbe, Head ERM at the ISO 27001.2013 Certification Ceremony.

L-R Mr. Bola Ajomale, CEO, NASD, Mr. Kyari Bukar, Mr. Peter Ashade, CEO, Africa Prudential Registrars, Alhaji Umaru Kwairanga at the 2016 Investors' Forum

L-R Mr. Kyari Bukar, Mr. Emeka Madubuike, Board Member, Mr. Vincent Ukoh, Mr. Joe Mekiliuwa, Mr. Dipo Aina, former President CIS at the 2016 Investors' Forum.

L-R Members of staff celebrating the 2016 International Women's Day.

2016 EVENTS

L-R Mr. 'Bayo Olugbemi, Board Member, Mr Kyari Bukar, Mr. Oscar Onyema, *OON*, Chairman, CSCS, Mr. Charles Ojo, Company Secretary, at the 2016 Annual General Meeting.

Staff members of Enterprise Risk Management Department at the 2016 End of Year Party

Members of the Customer Service team and operations celebrate the Customer Service Week.

L-R Mr Vincent Ukoh, Mr. Taiwo Otiti, GM, Corporate Services, Mr. Oscar Onyema, *OON*, Mr. Kyari Bukar, Mr. Kayode Lawal, Board Member, Mr. Joe Mekiliuwa, at the Company's 2016 End of Year Party.

L-R Mr. Haruna Jalo-Waziri, Board Member, Hon. Muhammad Ajanah, Member Federal House of Representatives, Mr. Chidi Agbapu, Retired Board Member, Mr. Oscar Onyema, OON, Alhaji Umaru Kwairanga, Mr. Bola Adeeko, Interim CEO, Hon. Tajudeen Yusuf, Chairman House Capital Market Committee, Mr. 'Bayo Olugbemi, Mr. Ariyo Olushekun, Mr. Omokayode Lawal, Board Member, Mr. Bola Ajomale, CEO, NASD at the Board Send Off Dinner.

L-R Mr. Chidi Agbapu, Mr. Kennedy Uzoka, Retired Board Member, Alhaji Umaru Kwairanga, Ms. Uzoma Uja, Company Secretary, Lafarge Plc. Efe Akhigbe, Co-CEO Planet Capital, Mr. Tony Anonyai, Co-CEO Planet Capital, at the Board Send Off Dinner.

FORM OF PROXY FOR ANNUAL GENERAL MEETING
PURSUANT TO SECTION 213 OF THE COMPANIES & ALLIED MATTERS ACT 2004

Name of the Member(s):____

Registered Address:____

Email Address:____

*CSCS Investor ID: ____

I/We,______________________________(Name of Shareholder in block letters)

being members of the above named company, hereby appoint the Chairman of the meeting or failing him

Name:______________________________ E-mail: ____________________

Address:____

______________________________ Signature:____________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf behalf at the 23rd Annual General Meeting of the Company, to be held on the 14th day of June, 2017 at 11 a.m. at the NSE Event Center 20th Floor Stock Exchange Building Marina, Lagos and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Resolution Ordinary Resolutions	For	Against
1.	To receive the Group's Audited Financial Statements for the year ended 31 December 2016, the Auditor's Report thereon and the Audit Committee Report;		
2.	To declare a dividend;		
3.	To re-elect Mr. Oscar N. Onyema, *OON* as a Non-Executive Director		
4.	To re-elect Mr. Haruna Jalo-Waziri as a Non-Executive Director		
5.	To elect Mr. Uche Ike who was appointed as a Non-Executive Director by the Board;		
6.	To elect Mr. Eric Idiahi who was appointed as a Non-Executive Director by the Board		
7.	To authorize the Directors to fix the remuneration of the Auditors		
8	To elect/re-elect members of Audit Committee		

NOTES:

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorial certified copy thereof must reach the Registrar, AFRICA PRUDENTIAL REGISTRARS PLC, 220B IKORODU ROAD, LAGOS, not later than 48 hours before time of holding meeting.
2. Where the appointer is a Corporation, this form shall be under seal or under the hand of any officer or attorney duly authorized.
3. This proxy will be used only in the event of a poll being directed or demanded.
4. In the case of joint holders, the signature of any one of them will suffice, but the names of all holders must be shown.

CUT ALONG DOTTED LINE

CUT ALONG DOTTED LINE

Africa Prudential Registrars Plc

RC NO: 649007

SHAREHOLDER E-SERVICE APPLICATION FORM

(*= Compulsory fields)

1.*SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. SPOUSE' NAME:

5. *MOTHER'S MAIDEN NAME:

6. *E-MAIL:

7. ALTERNATE E-MAIL:

8. *MOBILE No.:

9. SEX: MALE ☐ FEMALE ☐

10. PHONE No (HOME):

11.*POSTAL ADDRESS:

12.*CSCS CLEARING HOUSE No.:

13. NAME OF STOCKBROKER:

14.OCCUPATION:

15. NATIONALITY:

16. NEXT OF KIN:

E-SHARE REGISTRATION ACTIVATION MANDATE *(Please tick the box below* ☑

Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease. ☐

BANK DETAILS FOR E-DIVIDEND MANDATE

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/ lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. *ACCOUNT NAME:

18. *BANK ACCOUNT NUMBER:

Must be NUBAN

19. *BANK:

20. *AGE OF ACCOUNT:

Must be confirmed by the bank

***BANK'S AUTHORISED SIGNATURE & STAMP**

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: ______________________

Signature : ______________________

for joint/corporate accounts only

Please tick against the company(ies)where you have shareholding

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. AFRILAND PROPERTIES PLC ☐
3. A & G INSURANCE PLC ☐
4. ARM PROPERTIES PLC ☐
5. A.R.M LIFE PLC ☐
6. ADAMAWA STATE GOVERNMENT BOND ☐
7. BECO PETROLEUM PRODUCTS PLC ☐
8. BENUE STATE GOVERNMENT BOND ☐
9. CAP PLC ☐
10. CAPPA AND D'ALBERTO PLC ☐
11. CEMENT COY OF NORTHERN NIG. PLC ☐
12. CSCS PLC ☐
13. CHAMPION BREWERIES PLC ☐
14. COMPUTERWAREHOUSE GROUP PLC ☐
15. EBONYI STATE GOVERNMENT BOND ☐
16. GOLDEN CAPITAL PLC ☐
17. INFINITYTRUST MORTGAGE BANK PLC ☐
18. INTERNATIONAL BREWERIES PLC ☐
19. INVESTMENT & ALLIED ASSURANCE PLC ☐
20. JAIZ BANK PLC ☐
21. KADUNA STATE GOVERNMENT BOND ☐
22. NEM INSURANCE PLC ☐
23. OMOLUABI SAVINGS AND LOANS PLC ☐
24. PERSONALTRUST & SAVINGS LTD ☐
25. P.S MANDRIDES PLC ☐
26. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
27. PREMIER BREWERIES PLC ☐
28. RESORT SAVINGS & LOANS PLC ☐
29. ROADS NIGERIA PLC ☐
30. SCOA NIGERIA PLC ☐
31. TARABA STATE GOVERNMENT BOND ☐
32. TRANSCORP PLC ☐
33. TOWER BOND ☐
34. THE LA CASERA COMPANY - CORPORATE BOND ☐
35. UAC NIGERIA PLC ☐
36. UBA BALANCED FUND ☐
37. UBA BOND FUND ☐
38. UBA CAPITAL PLC ☐
39. UBA EQUITY FUND ☐
40. UBA MONEY MARKET FUND ☐
41. UNITED BANK FOR AFRICA PLC ☐
42. UNIC INSURANCE PLC ☐
43. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
44. UTC NIGERIA PLC ☐
45. WEST AFRICAN GLASS IND PLC ☐

OTHERS: ______________________

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