United Capital

UNITED CAPITAL PLC

UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
30 SEPTEMBER 2020

United Capital Plc

Consolidated and Separate Financial Statements
For the period ended 30 September 2020

CORPORATE INFORMATION

DIRECTORS:

Chika Mordi	Chairman
Peter Ashade	Group Chief Executive Officer
Sunny Anene	Group Executive Director
Adim Jibunoh	Non Executive Director
Emmanuel N. Nnorom	Non Executive Director
Sunny Iroche	Independent Non Executive Director
Sir Stephen Nwadiuko	Independent Non Executive Director
Dipo Fatokun	Independent Non Executive Director - Appointed 14 Fedruary 2020

EXECUTIVE MANAGEMENT:

Babatunde Obaniyi	Managing Director, Investment Banking
Tokunbo Ajayi	Managing Director, United Capital Trustees Limited
Bawo Oritshajafor	Managing Director, United Capital Securities Limited
Odiri Oginni	Managing Director, United Capital Asset Management Limited
Shedrack Onakpoma	Group Chief Finance Officer
Leo Okafor	Group Company Secretary/General Counsel

RC No. RC444999

FRC No. FRC/2013/00000000001976

REGISTERED OFFICE:
3rd & 4th Floor
Afriland Towers,
97/105 Broad Street,
Lagos Island,
Lagos, Nigeria

BANKERS
United Bank for Africa Plc
57, Marina,
Lagos Island,
Lagos.

AUDITORS:
PwC Nigeria
5B Water Coporation Road
Landmark Towers, Victoria Island
Lagos, Nigeria

United Capital Plc

Consolidated and Separate Financial Statements
For the period ended 30 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of **United Capital Plc** are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 30 September 2020, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act 2011 and the Investments and Securities Act CAP S124 LFN 2007.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

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

The consolidated and separate financial statements of the Group and Company for the year ended 30 September 2020 were approved by directors on 15 October 2020.

On behalf of the Directors of the Group

Chika Mordi	**Peter Ashade**
Chairman	*Group Chief Executive Officer*
FRC/2014/IODN/00000006667	FRC/2013/NBA/00000002719

United Capital Plc

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 September 2020

		Group				Company			
	Notes	30 September 2020 =N=' 000	30 September 2019 =N=' 000	Q3 2020 =N=' 000	Q3 2019 =N=' 000	30 September 2020 =N=' 000	30 September 2019 =N=' 000	Q3 2020 =N=' 000	Q3 2019 =N=' 000
Gross Earnings		**7,069,171**	**5,322,666**	**2,622,495**	**2,083,069**	**1,559,469**	**1,372,414**	**467,655**	**548,682**
Investment income	3	4,386,011	2,823,138	1,748,167	826,199	918,853	777,495	260,127	237,691
Fee and commission income	4	2,249,059	1,389,871	880,892	617,553	622,788	519,909	206,295	261,698
Net trading income	5	125,281	77,969	29,111	25,995	-	-	-	-
Income on managed funds	5	-	-	-	-	-	-	-	-
Net operating income		**6,760,351**	**4,290,978**	**2,658,170**	**1,469,746**	**1,541,641**	**1,297,404**	**466,422**	**499,389**
Other income	6	308,820	883,105	(44,411)	463,220	17,828	77,697	(7,503)	49,293
Dividend income from subsidiaries		-	-	-	-	-	-	8,737	-
Net gains/(loss) on financial assets at fair value through profit or loss	7	-	148,583	8,737	150,103	-	(2,687)	-	-
Total Revenue		**7,069,171**	**5,322,666**	**2,622,495**	**2,083,069**	**1,559,469**	**1,372,414**	**467,655**	**548,682**
Personnel expenses	8	(1,186,744)	(1,128,441)	(515,529)	(506,138)	(348,462)	(324,806)	(169,857)	(98,574)
Other operating expenses	9	(1,325,890)	(993,096)	(404,694)	(242,837)	(265,182)	(326,131)	(60,341)	(124,325)
Depreciation and amortisation	16/17	(159,546)	(91,974)	(47,535)	(32,306)	(133,531)	(74,883)	(33,548)	(27,052)
(Impairment allowance)/Write back	13.1b	(273,679)	160,759	201,059	(19,211)	(311,385)	139,253	(159,804)	-
Total Expenses		**(2,945,859)**	**(2,052,751)**	**(766,698)**	**(800,490)**	**(1,058,560)**	**(586,567)**	**(423,550)**	**(249,951)**
Profit before income tax		**4,123,312**	**3,269,915**	**1,855,798**	**1,282,577**	**500,909**	**785,847**	**44,106**	**298,732**
Income tax expense	10	(659,730)	(523,187)	(305,513)	(185,468)	(80,145)	(125,736)	(7,056)	(47,797)
Profit for the year		**3,463,582**	**2,746,728**	**1,550,286**	**1,097,109**	**420,764**	**660,111**	**37,049**	**250,935**
Other comprehensive income, net of income tax									
Items that will not be reclassified subsequently to profit or loss									
Net fair value loss on investments in equity instruments measured at FVTOCI	29.1	(2,297,266)	(9,003)	(2,067,631)	87,629	-	-	19,532	-
Items that may be reclassified subsequently to profit or loss									
Net fair value gain/(loss) on investments in debt instruments measured at FVTOCI	29.2	2,326,431	(334,918)	2,472,414	(2,258,964)	-	(53,791)	13,233	-
Other comprehensive income for the year, net of taxes		**29,165**	**(343,921)**	**404,783**	**(2,171,335)**	**-**	**(53,791)**	**32,765**	**-**
Total comprehensive income for the year		**3,492,747**	**2,402,807**	**1,955,069**	**(1,074,226)**	**420,764**	**606,320**	**69,814**	**250,935**
Profit for the year attributable to:									
Equity holders of the Company		**3,463,582**	**2,746,728**	**1,550,286**	**1,097,109**	**420,764**	**660,111**	**37,049**	**250,935**
Total comprehensive income attributable to:									
Equity holders of the Company		**3,492,747**	**2,402,807**	**1,955,069**	**(1,074,226)**	**420,764**	**606,320**	**69,814**	**250,935**
Earnings per share-basic (kobo)	11	58	46	26	18	7	11	4	6

United Capital Plc

Consolidated & Separate Statement of Financial Position
As at 30 September 2020

	Notes	Group 30 September 2020 =N=' 000	Group 31 December 2019 =N=' 000	Company 30 September 2020 =N=' 000	Company 31 December 2019 =N=' 000
ASSETS					
Cash and cash equivalents	12	115,439,410	30,132,099	16,473,214	2,401,282
Investment in financial assets	13	67,277,875	94,141,566	28,180,117	35,071,034
Investments in subsidiaries	14	-	-	901,000	901,000
Property, plant and equipment	16	318,403	357,118	245,683	269,384
Intangible assets	17	40,244	43,771	36,756	38,768
Right of use assets	18	389,813	312	389,813	312
Trade and other receivables	19	27,799,409	25,528,546	25,152,755	24,558,776
Dividend receivable from subsidiaries	28	-	-	-	2,520,000
Deferred tax assets	20	260,184	260,184	-	-
TOTAL ASSETS		**211,525,338**	**150,463,596**	**71,379,338**	**65,760,556**
LIABILITIES					
Managed funds	21	125,746,484	72,379,297	-	-
Other borrowed funds	22	58,335,218	50,876,737	58,335,218	50,876,737
Other liabilities	23	5,407,378	5,400,633	3,062,488	2,213,131
Current tax liabilities	24	1,306,411	1,569,828	619,411	729,230
Deferred tax liabilities	20	652,041	652,041	343,324	343,325
TOTAL LIABILITIES		**191,447,532**	**130,878,536**	**62,360,441**	**54,162,423**
SHAREHOLDERS FUND					
Share capital	25	3,000,000	3,000,000	3,000,000	3,000,000
Share Premium	26	683,611	683,611	683,611	683,611
Retained earnings	27	17,253,424	16,789,842	5,268,594	7,847,830
Other reserves	29	(859,229)	(888,394)	66,692	66,692
TOTAL SHAREHOLDERS FUND		**20,077,806**	**19,585,060**	**9,018,897**	**11,598,133**
TOTAL LIABILITIES AND SHAREHOLDERS FUND		**211,525,338**	**150,463,596**	**71,379,338**	**65,760,556**

CHIKA MORDI
(Chairman)
FRC/2014/IODN/00000006667

PETER ASHADE
(Group Chief Executive Officer)
FRC/2013/ICAN/00000002719

SHEDRACK ONAKPOMA
(Group Chief Finance Officer)
FRC/2013/ICAN/00000001643

United Capital Plc

Consolidated Statement of Changes in Equity
As at 30 September 2020

(a)
Group

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	FVTOCI Reserves =N=' 000	Total =N=' 000
At 1 January 2020	3,000,000	16,789,842	683,611	(888,393)	19,585,060
Transfer from profit or loss account	-	3,463,582	-	-	3,463,582
Dividend paid	-	(3,000,000)	-	-	(3,000,000)
Net Change in fair value on equity instruments FVTOCI	-	-	-	(2,297,266)	(2,297,266)
Net Change in fair value on debt instruments FVTOCI	-	-	-	2,326,431	2,326,431
Realised fair value adjustments of FVTOCI debt instrumen	-	-	-	-	-
Expected credit loss on debt financial assets at FVTOCI	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-
At 30 September 2020	**3,000,000**	**17,253,424**	**683,611**	**(859,229)**	**20,077,806**

Company

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	FVTOCI Reserves =N=' 000	Total =N=' 000
At 1 January 2020	3,000,000	7,847,830	683,611	66,692	11,598,133
Transfer from profit or loss account	-	420,764	-	-	420,764
Dividend paid	-	(3,000,000)	-	-	(3,000,000)
Net Change in fair value on equity instruments FVTOCI	-	-	-	-	-
Net Change in fair value on debt instruments FVTOCI				-	-
Realised fair value adjustments of FVTOCI debt instruments					-
Expected credit loss on debt financial assets at FVTOCI					-
Income tax on other comprehensive income					-
					-
At 30 September 2020	**3,000,000**	**5,268,594**	**683,611**	**66,692**	**9,018,897**

Group

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	FVTOCI Reserves =N=' 000	Total =N=' 000
At 1 January 2019	3,000,000	16,043,114	683,611	(1,666,807)	18,059,918
Effect of application of IFRS 9	-	-	-	-	-
Restated opening balance as at 1 January 2019	**3,000,000**	**16,043,114**	**683,611**	**(1,666,807)**	**18,059,918**
Transfer from profit or loss account	-	2,746,728	-	-	2,746,728
Dividend paid	-	(2,000,000)	-	-	(2,000,000)
Fair value reserves	-	-	-	778,413	778,413
At 31 December 2019	**3,000,000**	**16,789,842**	**683,611**	**(888,393)**	**19,585,060**

Company

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	FVTOCI Reserves =N=' 000	Total =N=' 000
At 1 January 2019	3,000,000	9,187,719	683,611	53,791	12,925,121
Effect of application of IFRS 9	-	-	-	-	-
Restated opening balance as at 1 January 2019	**3,000,000**	**9,187,720**	**683,611**	**53,791**	**12,925,122**
Transfer from profit or loss account	-	660,111	-	-	660,111
Dividend paid	-	(2,000,000)	-	-	(2,000,000)
Fair value reserve	-	-	-	12,901	12,901
At 31 December 2019	**3,000,000**	**7,847,830**	**683,611**	**66,692**	**11,598,133**

United Capital Plc

CONSOLIDATED STATEMENT OF CASH FLOWS
As at 30 September 2020

		Group		Company	
		30 September 2020 N' 000	**31 December 2019 N' 000**	**30 September 2020 N' 000**	**31 December 2019 N' 000**
Profit for the year		3,463,582	2,762,865	420,764	676,249
Adjustments for;					
Income tax recognised in profit or loss	10	659,730	526,260	80,145	128,809
Depreciation & amortization	16/17	160,292	91,974	133,531	74,883
Dividend income on equity investments designated as at FVTOCI		(12,963)	(778,729)	(8,986)	(54,622)
Writeback/Impairment losses recognised on amortised cost	13.1b	273,679	(179,970)	311,385	(158,464)
		4,544,319	**2,422,401**	**936,839**	**666,855**
Movement in working capital					
Decrease/(increase) in trade receivables		(2,270,864)	(2,443,732)	(593,979)	(268,968)
Increase/(decrease) in managed funds		53,367,187	(1,570,825)	-	-
Increase/ (decrease) in other liabilities		6,745	(573,052)	849,357	311,306
Cash generated from operations		55,647,388	(2,165,208)	1,192,216	709,193
Income taxes paid	24	(923,146)	(532,760)	(189,963)	(302,500)
Net cash generated by/(used in) operating activities		**54,724,242**	**(2,697,969)**	**1,002,253**	**406,693**
Cash flows from investing activities					
Purchase of right of use	18	(354,375)	(119,629)	(354,375)	(109,511)
Purchase of property and equipments	16	(93,045)	29,326	(67,944)	6,833
Proceeds on disposal of property and equipment	16	17,177	(4,200)	1,645	(4,200)
Purchase of intangible assets	17	(7,056)	(1,106,314)	(7,056)	641,166
(Purchase)/disposal of financial instrument designated at amortized cost		26,896,459	-	6,883,990	-
Investment in subsidiary		-	-	-	-
Disposal/(purchase) of financial instrument designated at FVTOCI		355,286	-	(383,933)	-
(Purchase)/disposal of financial instrument designated at FVTPL		26,105	-	(8,113)	-
Dividend income on equity investments designated as at FVTOCI		12,963	778,729	8,986	54,622
Net cash generated by/(used in) investing activities		**26,853,515**	**(422,088)**	**6,073,201**	**588,910**
Cash flows from financing activities					
Dividend received		-	-	2,520,000	1,711,111
Dividend paid to owners of equity capital		(3,000,000)	(2,000,000)	(3,000,000)	(2,000,000)
Proceeds from borrowings		18,720,069	2,303,174	11,047,502	2,303,174
Repayment of borrowings		(9,834,266)	(1,199,261)	(3,658,611)	(2,734,577)
Net cash (used in)/generated by financing activities		**5,885,802**	**(896,087)**	**6,908,891**	**(720,292)**
Net increase/(decrease) in cash and cash equivalents		87,463,559	(4,016,143)	13,984,345	275,311
Effect of foreign exchange changes on cash		(2,156,049)	(1,037,915)	-	-
Cash and cash equivalents at beginning of year		30,132,099	35,186,157	2,401,282	2,125,971
Cash and cash equivalents at end of year	**12**	**115,439,609**	**30,132,099**	**16,385,627**	**2,401,282**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the period ended 30 September 2020

1 Company information

These financial statements are the consolidated financial statements of United Capital Plc, a company incorporated in Nigeria and its subsidiaries (hereafter referred to as 'the Group').

United Capital Plc (previously called UBA Capital Plc) was incorporated in Nigeria, as a Public liability company, on 3 August, 2012, to act as the ultimate holding company for the United Capital Group. The company was listed on the Nigerian Stock exchange on 17 January, 2013. The Company changed its name to United Capital Plc following the approval of the resolution by shareholders on the 16th December, 2014.

The principal activities of the Group are mainly the provision of investment banking services, portfolio management services, securities trading and trusteeship.

2 Summary of significant accounting policies

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

2.1 Going concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is approprate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out by the Group to ensure that there are no going concern threats to the operation of the Group.

2.2 Basis of preparation and measurement

The Group's consolidated and seperate financial statements for the period ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the Notes.

2.2.1 Statement of Compliance

The consolidated and Separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.
The consolidated and Separate financial statements comply with the requirement of the International Financial Reporting Standard, Companies and Allied Matters Act CAP C20 LFN 2004, Investment and Securities Act Cap S127 LFN 2004, the Financial Reporting Council Act 2011 to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

2.2.2 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

(a) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re -measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re -measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. The amendments will eliminate diversity in practice.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the period ended 30 September 2020

2.2.3 Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for the reporting period ended 30 September
The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New or amended standards	Summary of the requirements	Possible impact on financial
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement to IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of: - discounted probability-weighted cash flows - an explicit risk adjustment, and - a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.	This standard does not impact the group as it is not into an insurance entity
Definition of Material: Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. These amendments are effective for reporting periods beginning on or after 1 January 2020.	The amendments to the definition of 'material' is not expected to have a significant impact on the Group's financial statements.

New or amended standards	Summary of the requirements	Possible impact on financial
Definition of a Business: Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions. These amendments are effective for reporting periods beginning on or after 1 January 2020.	Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.
Amendments to References to the Conceptual Framework in IFRS Standards	The Conceptual Framework for Financial Reporting (Conceptual • A new chapter on measurement; • Guidance on reporting financial performance; • Improved definitions of an asset and a liability, and guidance supporting these definitions; and • Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. These amendments are effective for periods beginning on or after 1	The amendments are not expected to have material impact on the Group's financial statements.
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	

2.3 Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

Subsidiaries

The consolidated and separate financial statements incorporates the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities.

All the facts of a particular situation are considered when determining whether control exists. Control is usually present when an entity has:

• power over more than one-half of the voting rights of the other entity;
• power to govern the financial and operating policies of the other entity;
• power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
• power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its separate financial statements, the Company accounts for its investment in subsidiaries at cost.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

(b) ***Associates***

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over these policies. Significant influence is generally demonstrated by the Group holding in excess of 20%, but less than 50%, of the voting rights.

The Group's share of results of the associate entity is included in the consolidated income statement. Investments in associates are carried in the statement of financial position at cost plus the Group's share of post-acquisition changes in the net assets of the associate. Investments in associates are reviewed for any indication of impairment at least at each reporting date. The carrying amount of the investment is tested for impairment, where there is an indication that the investment may be impaired.

When the Group's share of losses or other reductions in equity in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting policies of the Group. Unrealised gains and losses on transactions are eliminated to the extent of the Group's interest in the investee. Losses may provide evidence of impairment of the asset transferred in which case appropriate allowance is made for impairment.

In the separate financial statements of the Company, investments in associates are stated at cost less accumulated impairment losses, if any.

2.4 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making this judgement, the Directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. The Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

Accordingly the Group applies the guidance as set out in IFRS 3 on common control transactions. The assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS.

The Group incorporates the results of the acquired businesses only from the date on which the business combination occurs.

2.5 Foreign currency translation

(a) ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Naira, which is the Group's presentation and functional currency.

(b) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition;non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial value instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income. Non-monetary items that are measured under the historical cost basis are not retranslated.

2.6 Revenue recognition

(a) Investment income

Investment income for all interest-bearing financial instruments are recognised within 'investment income' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the investment income over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

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

(b) Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

(c) Dividend income

Dividends are recognised in the income statement in "Dividend income" when the entity's right to receive payment is established

2.7 Income taxation

(a) *Current income tax*

Income tax payable (receivable) is calculated on the basis of the applicable tax law Nigeria and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

(b) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the period.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.10 Financial assets & liabilities

a) Classification and subsequent measurement

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the Group's business model test and the contractual cashflow characteristics of the financial assets. The category relevant to the Group as at 30 September 2020 are fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. At initial recognition all assets are measured at Fair Value.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the Group as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held for trading'.

ii. Amortised Cost

Except for financial assets that are designated at initial recognition as at fair value through profit or loss a financial asset is measured at amortised cost only if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the business model test) and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

If a financial asset satisfies both of these conditions, it is required to be measured at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition

iii. Fair Value through other comprehensive income (FVTOCI)

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and

b The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, a Group always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. The Group measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Group recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Group measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment

The Group's process to assess changes in credit risk is multi-factor and has three main elements;

I. Quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition

II. Qualitative elements

III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Group categorieses its exposures on the basis of shared credit risk characteristics.

Significant increase in credit risk

The Group's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The Group applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

i) Assets carried at amortised cost

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

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Group can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

a. the Group's right to receive payment of the dividend is established;

b. it is probable that the economic benefits associated with the dividend will flow to the Group; and

c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Group's senior management, and is done as a result of external or internal changes which are significant to the Group's operations and demonstrable to external parties.

Reclassification of financial assets occurs when the Group changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

2.10.1 Financial liabilities

Classification and subsequent measurement

The Group's holding in financial liabilities represents mainly 'due to banks', 'deposit from customers' and 'other liabilities'. These are all classified as financial liabilities measured at amortised cost. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.11 Property, Plant and Equipment

All property, plant and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset Class	Useful lives
Motor vehicles	4 years
Furniture & fittings and Office equipment	5 years
Computer hardware & equipment	5 years
Building	40 years
Leasehold improvements	over shorter of the useful life of item or lease period

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review on an annual basis to take account of

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

2.12 Intangible assets

(a) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.
- Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 5 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b) Impairment of tangible and intangible assets excluding goodwill

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount

The carrying values of tangible and intangible assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a tangible or intangible asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the tangible or intangible asset's recoverable amount. The carrying amount of the tangible or intangible asset will only be increased up to the amount that it would have been had the original impairment not been recognised. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which the Directors monitor the return on investment on assets.

2.13 Leased assets

For any new contracts entered into on or after 1 January 2019, United Capital Plc considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the United Capital Limited ('United Capital') assesses whether the contract meets three key evaluations which are whether:

· the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to United Capital

· United Capital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

· United Capital has the right to direct the use of the identified asset throughout the period of use. United Capital assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

United Capital has adopted the new accounting pronouncements which have become effective this year, and are as follows: IFRS 16 'Leases' IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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 adoption of this new Standard has resulted in United Capital recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, United Capital has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.United Capital has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, United Capital has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, United Capital has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets United Capital has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

2.14 Investment Properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.15 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or through other comprehensive income or those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

Trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the receivables and amortised through interest income using the effective interest rate method. All of the Group's loans are included in the trade and receivables category. The Group's trade and other receivables include loans and advances to subsidiaries and customers, trade receivables and cash, as well as deposits for investments.

2.15.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment test are performed on assets when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.16 Managed funds

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

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

2.17 Borrowing

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

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

2.18 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

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

2.19 Share capital

(a) *Share issue costs*

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) *Dividend on ordinary shares*

Dividend on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholders.

Dividend for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

Dividend proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act Cap C20 LFN 2014.

2.20 Employee benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction

2.21 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

2.22 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

2.23 Related party transactions

Transactions with related parties are conducted and recorded at arms' length and disclosed in accordance with IAS 24 "Related party disclosures".

UNITED CAPITAL PLC

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For the period ended 30 September 2020

		Group		Company	
		30 September 2020 =N=' 000	30 September 2019 =N=' 000	30 September 2020 =N=' 000	30 September 2019 =N=' 000
3	**Investment income**				
	Fixed deposits	1,551,702	1,200,175	731,365	777,495
	Investments securities	395,201	1,211,368	-	-
	Income from Managed Funds	2,439,107	411,595	187,487	-
		4,386,011	**2,823,138**	**918,853**	**777,495**
4	**Fees and commssion income**				
	Financial advisory fees	622,788	519,909	622,788	519,909
	Other fees and charges	1,626,270	869,962	-	-
		2,249,059	**1,389,871**	**622,788**	**519,909**
5	**Net Trading Income.**				
	Net trading income includes gains and losses arising both on the purchase and sale of financial instruments designated at FVTPL	**-**	**77,969**	**-**	**-**
6	**Other income**				
	Dividend on instruments designated as FVTOCI	12,963	778,729	8,986	54,622
	Other income	295,857	104,376	8,842	23,075
		308,820	**883,105**	**17,828**	**77,697**
7	**Net (loss)/gain from financial assets at fair valued through profit or loss**				
	Net (loss) on equity instruments designated as FVTPL	(2,687)	(2,687)	(2,687)	(2,687)
	Net gain on reclassification of equity instruments from FVTOCI to FVTPL	2,687	151,270	2,687	
		-	**148,583**	**-**	**(2,687)**
8	**Personnel expenses**				
	Staff cost	1,169,197	1,112,579	344,137	320,091
	Contributions to defined contribution plans	17,547	15,862	4,325	4,715
		1,186,744	**1,128,441**	**348,462**	**324,806**
9	**Other operating expenses**				
	Other premises and equipment costs	60,473	22,569	267	501
	Auditors remuneration	31,829	30,199	10,125	10,125
	Professional fees	98,364	56,858	80,596	47,089
	Travel and accommodation	12,039	35,550	5,143	18,205
	Rent and rates	41,305	41,306	12,555	12,555
	AGM/Dividend processing expenses	39,842	39,368	-	9,842
	Donations	-	62,211	-	20,737
	Subscription	12,989	3,047	10,006	2,597
	Other administrative expenses	1,029,048	701,988	146,490	204,480
		1,325,890	**993,096**	**265,182**	**326,131**
10	**Income tax expense**				
	Recognised in the profit or loss				
	Income tax	536,031	424,513	65,118	101,584
	Education tax	82,466	65,783	10,018	16,101
	Information technology tax	41,233	32,891	5,009	8,051
		659,730	523,187	80,145	125,736
	Deferred tax	-	-	-	-
		659,730	**523,187**	**80,145**	**125,736**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the period ended 30 September 2020

		Group		Company	
		30 September 2020 =N=' 000	30 September 2019 =N=' 000	30 September 2020 =N=' 000	30 September 2019 =N=' 000
11	**Earnings per share**				
	Basic earnings per share				
	Basic earnings attributable to shareholders (N'000)	3,463,582	2,746,728	420,764	660,111
	Number of ordinary shares in issue ('000)	6,000,000	6,000,000	6,000,000	6,000,000
	Basic earnings per share (kobo)	**58**	**46**	**7**	**11**

		Group		Company	
		30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
12	**Cash and cash equivalents**				
	Cash and balances with banks	2,281,473	2,778,065	14,340	777,637
	Money market placements	113,157,936	27,354,034	16,458,874	1,623,645
		115,439,410	**30,132,099**	**16,473,214**	**2,401,282**

"Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisitions, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months".

All bank balances and money market placements are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.

		Group		Company	
13	**Investment in financial assets**	30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
	Financial assets measured at amortised cost - (Note 13.1)	55,065,279	82,323,004	25,571,166	32,854,128
	Financial assets measured at Fair value through other comprehensive income - (N	6,280,108	5,857,282	2,511,600	2,127,667
	Financial assets measure at Fair value through profit or loss - (Note 13.3)	5,932,487	5,961,280	97,352	89,239
		67,277,875	**94,141,566**	**28,180,117**	**35,071,034**
13.1	**Financial assets measured at amortized cost**				
	Investment in Commercial paper	-	-	-	-
	Loans to customer	23,551,705	30,852,869	23,551,705	30,852,869
	Treasury bills	2,766,611	6,164,358	-	-
	Federal government bonds	7,321,487	12,969,434	-	-
	State government bonds	8,460,923	10,244,735	2,840,296	2,510,709
	Corporate bonds	14,450,258	23,303,633	26,868	26,868
		56,550,983	**83,535,029**	**26,418,869**	**33,390,446**
	Loss allowance on financial assets at amortized costs (Note 13.1a)	(1,485,703)	(1,212,025)	(847,703)	(536,318)
		55,065,279	**82,323,004**	**25,571,166**	**32,854,128**
13.1a	**Loss allowance on financial assets at amortized costs**				
	At 1 January	1,212,025	1,221,097	536,318	515,691
	Writeback of loss allowance	-	-	-	-
	Loss allowance on initial application of IFRS 9	-	-	-	-
	Adjusted opening balance	**1,212,025**	**1,221,097**	**536,318**	**515,691**
	Charge during the year:				
	(Writeback) allowance on loan to customers	(87,587)	(144,913)	(87,587)	-
	Loss allowance on other financial assets	361,266	135,840	398,972	20,627
		1,485,703	**1,212,025**	**847,703**	**536,318**

Financial assets measured at amortized cost are assessed to have low credit risk at each reporting date based on their respective external credit ratings. As such, the Group assumes that the credit risk on these financial instruments have not increased significantly since initial recognition as permitted by IFRS 9 and recognises 12 month ECL for these assets. There was additional impairment of N361m on financial assets and a writeback of N87.6m on loan to customers during the period ended 30 September 2020.

		Group 30 September 2020	Group 31 December 2019	Company 30 September 2020	Company 31 December 2019
13.1b	**Impairment charge/writeback**				
	write back on financial assets at amortised cost	(87,587)	(144,913)	(87,587)	-
	Loss on financial assets at amortised cost	361,266	135,840	398,972	20,627
	Loss allowance on trade receivables	-	118,627	-	118,627
		273,679	**109,554**	**311,385**	**139,253**

		Group		Company	
		30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
13.2	**Fair value through other comprehensive income (FVTOCI)**				
	Treasury bills	1,447,053	1,264,976	1,447,053	1,264,976
	Bonds	-	-	-	-
	Equity- quoted	3,342,886	2,461,773	-	-
	Mutual funds	2,349,398	3,018,927	997,855	795,999
		7,139,337	6,745,676	2,444,908	2,060,975
	Less: Fair value adjustments (13.2a)	(859,229)	(888,394)	66,692	66,692
		6,280,108	**5,857,282**	**2,511,600**	**2,127,667**
13.2a	**Changes in fair value reserve**				
	At 1 January	(1,666,507)	(1,525,212)	66,692	71,261
	Arising during the year	778,113	(141,295)	-	(4,569)
	At 30 September	**(888,394)**	**(1,666,507)**	**66,692**	**66,692**
13.3	**Fair Value Through Profit or Loss (FVTPL)**				
	Equity investment	1,196,899	1,049,290	100,039	100,039
	Equity instrument reclassified to FVTPL on initial application of IFRS 9	-	-	-	
	Equity- Unquoted	4,738,275	4,922,790	-	-
		5,935,174	**5,972,080**	**100,039**	**100,039**
	Fair value changes (Note 13.3a)	(2,687)	(10,800)	(2,687)	(10,800)
		5,932,487	**5,961,280**	**97,352**	**89,239**
13.3a	**Changes in fair value reserve**				
	At 1 January	10,800	11,011	10,800	-
	Arising during the year	(8,113)	(211)	(8,113)	10,800
	At 30 September	**2,687**	**10,800**	**2,687**	**10,800**

14 Investment in subsidiaries

	Date of Investment	Holding	Value	Country
United Capital Securities Limited (formerly UBA Securities)	2006	100%	100,000	Nigeria
United Capital Assets Management Limited (formerly UBA Asset Management)	2013	100%	500,000	Nigeria
United Capital Trustees Limited (formerly UBA Trustees)	2013	100%	300,000	Nigeria
UC Plus	2019	100%	1,000	Ghana
			901,000	

15 Other information on subsidiaries

(i) United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. It is also a registered dealing member of NASD OTC Plc and FMDQ OTC Plc. This enables the Company to deal in over-the-counter Equity and Fixed Income Securities. The Company provides services such as securities dealing, receiving agents to new issues, stockbrokers to primary issues, designated adviser to SME's and equity portfolio management services.

(ii) United Capital Assets Management Limited is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as investment advisers, funds and portfolio managers.

(iii) United Capital Trustees Limited is a leading provider of Trust services such as debenture trust, bond trusteeship to corporate and sub-sovereign issuers of public debt instruments and trustees to collective investment schemes.

(iv) UC Plus is a consumer lending company established by United Capital Plc with the sole objective of enhancing financial inclusion and providing pay day loans to working class individuals and SMEs. UC Plus was licensed by the Lagos State Government in 2019 but yet to fully commence operations.

15.1 Non-controlling interest of subsidiaries

The group does not have any non-wholly owned subsidiaries that have material non-controlling interest.

15.2 Significant restrictions

The group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of any member of the Group other than those resulting from the subsidiaries' supervisory frameworks. Disclosures on liquidity, capital adequacy and credit risk were disclosed in the enterprise risk management.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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16 (i) Property, plant and equipment — Group

	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost				
At 1 January 2020	109,979	622,530	192,897	925,406
Additions	7,342	76,708	8,994	93,045
Disposals	(1,122)	(15,203)	(852)	(17,177)
At 30 September 2020	116,199	684,035	201,040	1,001,274
Depreciation				
At 1 January 2020	78,563	355,428	134,296	568,287
Additions	8,501	91,467	13,870	113,838
Disposals	-	746	-	746
At 30 September 2020	87,064	447,641	148,166	682,871
Carrying amounts				
At 30 September 2020	**29,136**	**236,393**	**52,874**	**318,403**
At 31 December 2019	**31,416**	**267,102**	**58,602**	**357,118**

(ii) Company

	Furniture & Equipment	Motor vehicles	Computer Equipment	- Total
Cost				
At 1 January 2020	72,422	393,287	118,079	583,788
Additions	5,877	54,717	7,349	67,944
Disposals	-	(1,167)	(478)	(1,645)
At 30 September 2020	78,300	446,837	124,951	650,087
Depreciation				
At 1 January 2020	46,897	196,998	70,509	314,404
Additions	7,175	72,574	10,249	89,999
Disposals	-	-	-	-
At 30 September 2020	54,071	269,572	80,758	404,403
Carrying amounts				
At 30 September 2020	**24,228**	**177,265**	**44,192**	**245,683**
At 31 December 2019	**25,525**	**196,289**	**47,571**	**269,384**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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16b (i) Property, plant and equipment Group

	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost				
At 1 January 2019	84,140	391,769	132,791	608,700
Additions	3,114	151,680	21,838	176,632
Disposals	(284)	(21,523)	(783)	(22,590)
At 31 December 2019	86,970	521,926	153,846	762,742
Depreciation				
At 1 January 2019	57,543	204,969	98,118	360,630
Additions	11,745	76,499	17,237	105,481
Disposals	-	(4,615)	(105)	(4,720)
At 31 December 2019	69,288	276,853	115,250	461,391
Carrying amounts				
At 31 December 2019	**17,682**	**245,073**	**38,596**	**301,351**
At 31 December 2018	**26,597**	**186,800**	**34,673**	**248,070**

(ii) Company

	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	- Total =N=' 000
Cost				
At 1 January 2019	46,687	192,443	65,353	304,483
Additions	2,584	126,680	17,722	146,986
Disposals	-	(9,575)	(236)	(9,811)
At 31 December 2019	49,271	309,548	82,839	441,658
Depreciation				
At 1 January 2019	29,044	64,542	42,705	136,291
Additions	9,143	55,855	13,182	78,180
Disposals	-	-	(20)	(20)
At 31 December 2019	38,187	120,397	55,867	214,451
Carrying amounts				
At 31 December 2019	**11,084**	**189,151**	**26,972**	**227,207**
At 31 December 2018	**17,643**	**127,901**	**22,648**	**168,192**

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17	Intangible assets Purchased software	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2020	107,511	97,412
	Addition	7,056	7,056
	At 30 September 2020	114,567	104,468
	Amortization		
	At 1 January 2020	63,741	58,645
	Addition	10,583	9,068
	At 30 September 2020	74,324	67,712
	Carrying amounts		
	At 30 September 2020	**40,244**	**36,756**
	At 31 December 2019	**43,771**	**38,768**

17.1	Intangible assets Purchased software	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2020	67,194	57,725
	Addition	630	-
	At 30 September 2020	67,824	57,725
	Amortization		
	At 1 January 2020	42,458	41,349
	Addition	10,373	8,406
	At 30 September 2020	52,831	49,755
	Carrying amounts		
	At 30 September 2020	**14,993**	**7,970**
	At 31 December 2019	**24,736**	**16,376**

18	Rights of use assets Purchased software	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2020	624	624
	Addition	353,751	353,751
	Disposal	-	-
	At 30 September 2020	354,375	354,375
	Depreciation		
	At 1 January 2020	312	312
	Addition	35,126	35,126
	Disposal	-	-
	At 30 September 2020	35,438	35,438
	Carrying amounts		
	At 31 December 2020	**389,813**	**389,813**
	At 31 December 2019	**312**	**312**
			-

18.1	Rights of use assets Purchased software	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2020	624	624
	Addition	-	-
	Disposal	-	-
	At 30 September 2020	624	624
	Depreciation		
	At 1 January 2020	312	312
	Addition	-	-
	Disposal	-	-
	At 30 September 2020	312	312
	Carrying amounts		
	At 30 September 2020	**936**	**936**
	At 31 December 2019	**312**	**312**

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		Group		Company	
		30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
19	**Trade receivables & Prepayments**				
	Trade debtors	997,241	712,702	299,053	128,795
	Prepayments	745,117	972,883	123,129	499,287
	Accrued income	2,063,210	1,426,689	1,624,251	1,217,673
	Other receivables	1,007,357	914,205	1,041,440	1,446,926
	WHT Receivable	2,810,804	1,847,796	2,171,560	1,223,043
	Deposit for investment	21,101,541	20,580,132	20,430,401	20,580,132
		28,725,270	**26,454,407**	**25,689,834**	**25,095,855**
	Loss allowance on trade receivables (note 19.1)	(925,861)	(925,861)	(537,079)	(537,079)
		27,799,409	**25,528,546**	**25,152,755**	**24,558,776**
19.1	**Loss allowance on trade receivables**				
	At 1 January	925,861	807,234	537,079	418,452
	Changes on initial application of IFRS 9	-	-	-	-
	Adjusted opening balance	**925,861**	**807,234**	**537,079**	**418,452**
	Arising during the year	-	118,627	-	118,627
	At 31 December	**925,861**	**925,861**	**537,079**	**537,079**

The Group applies the simplified approach and recognises lifetime ECL for trade receivables using a provision matrix. The provision matrix is based on the historical observed default rates, adjusted for forward looking estimates. At each reporting date, the historical observed default rates are updated.

		Group		Company	
		30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
20	**Deferred tax - (Asset)**				
	Deferred tax assets:				
	– Deferred tax asset to be recovered after more than 12 months	260,184	394,223	-	134,039
		-	(134,039)	-	(134,039)
		260,184	260,184	-	-
	Deferred tax liabilities:				
	– Deferred tax liability to be recovered after more than 12 months	652,042	6,307	343,325	-
	Charge for the year	(1)	645,735	(1)	343,325
	Total	652,041	652,041	343,324	343,325

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	Group		Company	
	30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
21 Managed Funds				
Short term investments	87,066,548	53,904,575	-	-
Trust funds	23,041,768	8,105,911	-	-
Sinking Funds	13,217,494	8,264,423	-	-
Payable on trust accounts	2,420,674	2,104,388	-	-
	125,746,484	**72,379,297**	**-**	**-**

Sinking Funds are funds managed by Trustees on behalf of bond issuers. The funds are invested in fixed income instruments for liquidity purposes in order to meet bondholders obligations as they become due

	Group		Company	
	30 September 2020 =N=' 000	31 December 2019 =N=' 000	30 September 2020 =N=' 000	31 December 2019 =N=' 000
22 Other borrowed funds				
Borrowing from banks	43,066,470	50,876,737	43,066,470	50,876,737
Bond Issuance	11,047,502	-	11,047,502	-
Commercial Papers	4,221,247	-	4,221,247	-
	58,335,218	**50,876,737**	**58,335,218**	**50,876,737**

Loans from commercial bank represent different facilities with floating interest rates indexed to Libor for a period of sixty (60) month with a maturity from 1 month to 32 months. The loans are collaterised by negative pledge. During the period under review, the company paid down its USD23m loans.
During the period under review, the company also issued its 1st bond of series 1 N10b and series 1 and 2 CPs. Series 1 CP matured and the company paid down during the month of September 2020.

23 Other liabilities				
Bank overdraft	-	100,540	-	-
Creditors and accruals	993,065	1,077,447	79,787	61,461
Customers deposit	1,948,989	2,136,265	-	-
Other current liabilities	2,465,323	2,086,381	2,982,701	2,151,671
Dividend payable	-	-	-	-
	5,407,378	**5,400,633**	**3,062,488**	**2,213,132**
24 Current tax liabilities				
Per statement of financial position:				
At 1 January	1,569,828	2,262,424	729,231	1,063,309
Charge for the year	659,730	523,185	80,145	125,736
Tax paid	(923,146)	(1,215,782)	(189,963)	(459,814)
At 30 September	**1,306,411**	**1,569,828**	**619,411**	**729,231**

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended, while Education Tax is based on Education Tax Act CAP E4 LFN 2004 .

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		Group		Company	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
25	**(i) Share capital**				
	The share capital comprises:				
	(i) Authorised - 6,000,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
	(ii) Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
26	**Share Premium**				
	At 30 September	**683,611**	**683,611**	**683,611**	**683,611**
27	**Retained earnings**				
	At 1 January	16,789,842	16,043,114	7,847,830	9,187,719
	Changes on initial application of IFRS 9 (Note 27.1)	-	-	-	-
	Loss allowance on initial application of IFRS 9 (Note 27.2)	-	-	-	-
	Adjusted opening retained earnings	**16,789,842**	**16,043,113**	**7,847,830**	**9,187,719**
	Transfer from profit or loss account	3,463,582	2,746,728	420,764	660,111
	Dividend paid during the period	(3,000,000)	(2,000,000)	(3,000,000)	(2,000,000)
	At 30 September	**17,253,424**	**16,789,842**	**5,268,594**	**7,847,830**
27.1	**Changes on initial application of IFRS 9**				
	Reclassification of fair value on FVOCI debt instruments to amortised cost	-	-	-	-
	Reclassification of fair value on FVOCI equity instruments to FVTPL	-	-	-	-
	Transfer of gain/(loss) from OCI to retained earnings on disposal of FVOCI Instruments	-	-	-	-
		-	-	-	-
27.2	**Loss allowance on initial application of IFRS 9**				
	Loss allowance on other financial assets measured at amortized cost	-	-	-	-
	Loss allowance on trade receivables	-	-	-	-
	Writeback of loss allowance	-	-	-	-
		-	-	-	-
28	**Dividend receivable from Subsidiaries**				
	At 1 January	-	-	2,520,000	4,920,000
	Arising during the period	-	-	-	-
	Receipt during the period	-	-	(2,520,000)	(2,400,000)
		-	-	-	**2,520,000**
29	**Fair Value Reserves**				
	At 1 January	(888,394)	(1,666,807)	66,692	53,791
	Arising during the period:				
	Transfer of gain/(loss) from OCI to retained earnings on disposal of FVOCI Instruments (Note 29.1)	(2,297,266)	(896,602)	-	-
	Fair valuation on items that will be subsequently reclassified to profit or loss (Note 29.2)	2,326,431	1,675,015	-	12,901
		(859,229)	**(888,394)**	**66,692**	**66,692**
29.1	**Fair valuation on items that will not be subsequently reclassified to profit or loss**				
	Net fair value gain/(loss) on investments in quoted equity instruments measured at FVTOCI	(2,294,458)	(893,794)	-	-
	Net fair value gain/(loss) on investments in unquoted equity instruments measured at FVTOCI	(2,808)	(2,808)	-	-
	Transfer of gain/(loss) from OCI to retained earnings on disposal of FVOCI Instruments	-	-	-	-
		(2,297,266)	**(896,602)**	-	-
29.2	**Fair valuation on items that may be subsequently reclassified to profit or loss**				
	Net fair value gain(loss) on investments in debt instruments measured at FVTOCI	2,323,623	1,641,786	-	-
	Net fair value gain/(loss) on investments in other financial instruments measured at FVTOCI	2,808	33,229	-	12,901
		2,326,431	**1,675,015**	-	**12,901**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
For the period ended 30 September 2020

30 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.

30.1 Identity of related parties	Relationship	%
United Capital Asset Management Limited	Subsidiary	100
United Capital Trustees Limited	Subsidiary	100
United Capital Securities Limited	Subsidiary	100
UC Plus	Subsidiary	100

30.2 Key management personnel

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of United Capital Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as certain key management and officers.

	Group		Company	
30.3 Other information on key management personnel	**30 September 2010 =N='000**	**31 December 2019 =N='000**	**30 September 2020 =N='000**	**31 December 2019 =N='000**
Emoluments:				
Chairman	5,481	7,308	1,313	1,750
Other Directors	16,149	21,532	19,343	25,790
	21,630	**28,840**	**20,655**	**27,540**
Fees	4,125	5,500	4,125	5,500
Other emoluments	17,505	23,340	16,530	22,040
	21,630	**28,840**	**20,655**	**27,540**
The total number of Directors were:	7	6	7	6
30.4 The number of persons employed (excluding directors)in the company during the period was as follows:	99	99	11	11

30.5 The table below shows the number of employees of the company that earned over N1,000,000.00 in the period and which fell within the bands stated below;

	30 September 2020	**31 December 2019**	**30 September 2020**	**31 December 2019**
N2,000,000 - N5,999,999	59	59	4	4
N6,000,000 - N7,999,999	13	13	3	3
N8,000,000 - N9,999,999	10	10	1	1
N10,000,000 and above	17	17	3	3
	99	99	11	11

30.6 Transactions with related companies

The following are the transactions and balances arising from dealings with subsidiaries of United Capital Group during the period.

	Relationship	**30 September 2020**	**31 December 2019**
Placements			
United Capital Asset Management Limited		-	-
Account recievables			
United Capital Asset Management Limited		390,353	181,605
United Capital Trustees Limited		104,376	390,560
United Capital Securities Limited		314,266	334,874
		808,995	**907,039**
Account payable			
United Capital Securities Limited		-	-

31 **Principal subsidiaries**

The financial statements of the Group include the operation of the following subsidiaries:

Company	Place of Incorporation	Primary Business Operation	% Held
United Capital Asset Management Limited	Nigeria	Portfolio Management	100%
United Capital Trustees Limited	Nigeria	Trusteeship	100%
United Capital Securities Limited	Nigeria	Securities Trading	100%
UC Plus Advance	Nigeria	Consumer Finance	100%

32 **Events after reporting period**

There are no material issues after the reporting period.

33 **Contingent liabilities**

The Group had no contingent liabilities during the year and no provision was made in financial statements during the period under review.

34 **Capital/financial commitements**

The directors are of the opinion that all known liabilities and commitements which are relevant in assessing the state of affairs of the Group have been taken into account in the preparation of the financial statements. There are no commitements for capital expenditure authorised by the Directors which has not been provided for in the financial statements as at 30 September 2020.

35 **Contraventions**

The Group recorded no contraventions during the period under review and as such no no fine was paid (2018: N560,000 paid by United Capital Asset Management Limited)

36 **Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers'Shares, Rulebook of the Exchange 2015 (Issuers Rule) United Capital Plc maintains a Security Trading Policy which guides Directors, Audit Committee memebers, employees and all individuals categorized as insiders as to their dealing in the company's snares. The policy undergoes periodic reviews by the Board and is updated accordingly. The company has made specific inquiries of all its Directors and other insiders and is not aware of any infringement of the policy during the period.

37 **Impact of COVID 19**

Since early 2020, the Coronavirus disease (COVID-19) outbreak across China and beyond has caused significant disruption to the society, impacting the business operations, employees and customers. It is an evolving situation that the Group is monitoring closely, and any impact will depend on future developments. The Group is unable to reliably estimate the future impact of covid-19, however, we are constantly monitoring and adapting to the current realities. During the lockdown of the country due to the virus, the Group was able to minimize the impact on operations by triggering the Business Continuity Plan; part of which is working remotely as well as reaching out to customers through our online platforms (InvestNow) and as a result of this, transactions are being executed successfully.

As a Group, we experienced a rather positive business performance as Q2 Operating revenue grew by 32% and PBT went up by 32% compared to Q1 2020 performance despite the lockdown during Q2. Q3 saw a marginal growth of 4% in revenues. This was driven by the strength of the United Capital brand as we leveraged on investors' sentiment toward "return of investment" rather than "return on investment". However, ECL impairment was impacted significantly as the Group recorded an impairment charge of about N475m during H1 2020 as we downgraded some counterparties who are holding some of our financial assets in view of the impact covid is having on their business.

Going into Q4 2020 there seem to be a mixed outlook as the number of Covid cases continue to spike, consumer income continues to dwindle, speculations of another round of lockdown looming; on the other hand, confidence is growing on the back of the number of vaccines that are been subjected to clinical test with the hope that the globe will find a response to the covid virus. As a Group, we continue to remain nimble and focused as we continue to tap into the opportunities this pandemic present whilst increasing our risk management focus to ensure we are not significantly impacted by all the hazards that Covid-19 presents.

Financial Risk Management

1 **Introduction and Overview**

Three Lines of Defence model

The group adopts the 3 lines of defence model. Reporting lines reinforce the segregation of duties and independence within the model:

	Functions	Responsibilities
1st Line of Defence	Business Line and Legal Entity Management	As the point of contact, they have primary responsibility for risk management. The process of assessing, measuring and controlling risks is ongoing and integrated in the day-to-day activities of the business through business and risk frameworks set by the second line of defence.
2nd Line of Defence	Consists of specialist roles: Finance function; Risk Management function; Legal function; the governance and assurance functions (excluding Internal Audit)	The second line of defence functions are responsible for setting frameworks within the parameters set by the Board; and report to the board governance committees. They implement the group's risk management framework and policies, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defence.
3rd Line of Defence	Internal Audit	They set the internal audit framework and provide an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the Audit & Governance committee.

2 Risk Categories

The risk types that the group is exposed to within its business operations are defined below. The definitions are consistent with the group's risk culture and language

2.1 Credit Risk

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:

Counterparty risk: The risk of credit loss to the group as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the group as they fall due. This risk type has three components:

i. **Primary credit risk**: The exposure at default arising from lending and related investment product activities (including their underwriting).

ii. **Pre-settlement credit risk**: The exposure at default arising from unsettled forward and derivative transactions. This risk arises from the default of the counterparty to the transaction and is measured as the cost of replacing the transaction at current market rates.

iii. **Issuer risk**: The exposure at default arising from traded credit and equity products (including the primary market issue underwriting of these products).

Settlement risk: Settlement is the exchange of two payments or the exchange of an asset for a payment. Settlement risk represents the risk of loss to the group from settling a transaction where value is exchanged, but where the group may not receive all or part of the counter value.

Credit concentration risk: The risk of loss to the group as a result of excessive build-up of exposure to, among others, a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions

2.2 Country Risk

The Group defines country risk to include cross-border risk. Country risk is the risk of loss arising where political or economic conditions or events in a particular country inhibit the ability of counterparties resident in that country to meet their financial obligations. Country risk events may include sovereign defaults, banking or currency crises, social instability and governmental policy changes or interventions such as expropriation, nationalization and asset confiscation. Transfer and convertibility risk (such as exchange controls and foreign debt moratoria) represent an important element of cross-border country risk.

2.3 Liquidity Risk

Liquidity risk arises when the group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, and/or can only do so on materially disadvantageous terms. This may arise when counterparties who provide the group with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid

Liquidity risk encompasses both funding liquidity risk and asset liquidity risk:

i. Funding liquidity risk (also referred to as cash-flow risk) is defined as the risk that a financial institution will be unable to raise the cash necessary to roll over its debt; to fulfil the cash, margin, or collateral requirements of counterparties; or to meet capital withdrawals.

ii. Asset liquidity risk (also referred to as market or trading liquidity risk) results from a large position size forcing transactions to influence the price of securities. This is managed by establishing position limits on assets (especially assets that are not heavily traded).

2,4 Market Risk

Market risk is the exposure to an adverse change in the market value, earnings (actual or effective) or future cash flows of a portfolio of financial instruments (including commodities) caused by adverse movements in market variables such as equity, bond and commodity prices; currency exchange and interest rates; credit spreads; recovery rates and correlations; as well as implied volatilities in these variables.

2.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes business risk, information and legal risk; but excludes reputational risk.

Business risk: is the risk of loss, due to operating revenues not covering operating costs and is usually caused by:

- inflexible cost structures;
- market-driven pressures, such as decreased demand, increased competition or cost increases;
- group-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

It includes strategic risk, which is the risk that the group's future business plans and strategies may be inadequate to prevent financial loss or protect the group's competitive position and shareholder value.

2.6 Reputational Risk

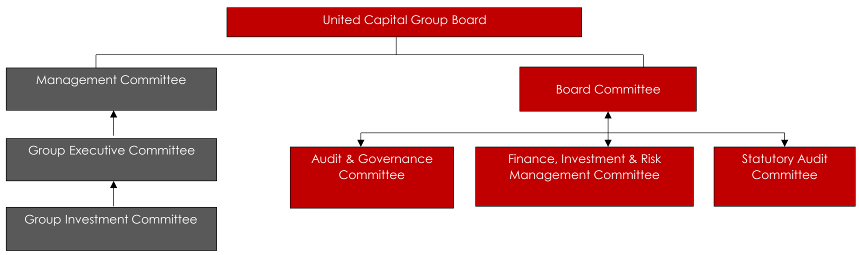
Reputational risk results from damage to the group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

3 Risk Management Framework

3.1 Governance Structure

Strong independent oversight is in place at all levels throughout the group. The risk governance structure is based on the principle that each line of business is responsible for managing the risks inherent in its business, albeit with appropriate corporate oversight. In support of this framework, business risk policies are approved to guide each line of business for decisions regarding the business' risk strategy, policies as appropriate and controls.

Risk management reports independently of the lines of business to provide oversight of group-wide risk management and controls, and is viewed as a partner in achieving appropriate business risk and reward objectives. Risk Management coordinates and communicates with each line of business through the group executive committee and business line governance committees. The chief risk officer (Head, Risk Management) is a member of the business line governance committees (which also has the business line chief executive officer as a member).



3.2 Risk Governance Process

The Group has established a practical risk governance process that relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at group level with participation by the senior

The governance committees are a key component of the risk management framework. They have clearly defined mandates and authorities, which are reviewed regularly. Board committees meet at least quarterly to review business strategies and ongoing achievement of risk and business objectives.

Management committees meet at least monthly to review the business environment, execute strategy revalidation, and are focused on measuring, monitoring and managing risk. The Group Investment Committee is charged with the asset/liability management, as well as ongoing capital and

Business line governance committees are constituted in line with the nature and risk of specific business activities. Business (line) risk framework/policies defined by the Group Risk Management function may prescribe the establishment of a business line governance committee to guide the

The board establishes and maintains oversight of the group's risk appetite by:

i. Providing strategic leadership and guidance;
ii. Reviewing and approving annual budgets and forecasts, under both normal and stressed conditions, for the group and each business unit; and
iii. Regularly reviewing and monitoring the group's risk performance through quarterly board reports.

The group's ERM framework stipulates the following terms which have specific meaning within the group and guide risk management considerations:

i. **Residual risk:** the leftover risk exposure after implementation of mitigation efforts and controls
ii. **Risk appetite:** the amount or type of residual risk that the group is prepared to accept to deliver on its financial/business objectives. It reflects the capacity to sustain losses and continue to meet obligations as they fall due, under both normal and a range of stress conditions.
iii. **Risk tolerance:** the maximum amount or type of risk the group is prepared to tolerate above stipulated risk appetite levels for short periods of time (based on the understanding that management action is taken to get back within risk appetite).
iv. **Risk capacity**: the maximum amount of risk the group is able to support within its available financial resources
v. **Risk profile:** the amount or type of risk the group holds at a specific point in time
vi. **Risk tendency:** is defined as a forward-looking view of the anticipated change in the group's risk profile as a result of portfolio effects and/or changes in economic conditions. Changes in economic conditions may either be in the form of formally approved macroeconomic stress scenarios or ad-hoc stress scenarios models

The Group runs a Group Shared Service operations process supported by an Enterprise Resource Platform system. Risk Management is supported by risk technology and operations functions that are responsible for building the information technology infrastructure used to monitor and manage risk group-wide and at respective business line and entity levels. Risk Management has oversight of all risk types (excluding Legal risk which is managed by the Legal and Compliance; and Reputational risk which is under the oversight of the Group Chief Operating Officer)

3.3 Credit Risk Management

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. The group may be exposed to credit risk arising primarily from trading activities (including debt securities), settlement balances with market counterparties, available for sale assets and reverse repurchase lending agreements. Other sources include wholesale credit to large corporate and institutional clients (on a restrictive basis)

Credit risk management is overseen by the group risk management function and implemented within the lines of business; with oversight by the management and board committees. The group's credit risk management governance consists of the following objectives:

- Establish a robust risk policy and control framework
- Maintain a strong culture of responsible investing
- Identify, assess and measure credit risk across the group, from the level of individual securities and counterparties; up to aggregate portfolio holdings
- Define, implement and continually re-evaluate business risk appetite under actual and scenario conditions
- Monitoring and managing credit risk across individual exposures and all portfolio segments
- Assigning and ensuring adherence to agreed controls
- Ensure there is independent, expert analysis of credit risks; and their mitigation

Risk Identification and Measurement

The Group is exposed to credit risk through its capital and money market activities and advisory services businesses. Risk Management works in partnership with the business segments in identifying and aggregating exposures across all lines of business.

The group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with IFRS.

To measure credit risk, the group employs several methodologies for estimating the likelihood of obligor or counterparty default. In the year under review, credit risk exposure was quantified on the basis of both adjusted exposure and absolute exposure. External credit ratings are considered in evaluating probability of default. The enterprise risk management framework recognizes credit ratings from Basel recognized External Credit Assessment Institutions (ECAI) and Agusto & Co. Ltd. External ratings are often internally adjusted for prudence. The Group regularly validates the performance of ratings and their predictive power with regard to default events.

Primary credit risk arising from debt exposure is measured in accordance with the accounting value for outstanding exposure, including applicable accrued interest and gross of any specific credit impairments, and a measure of the expectation of additional exposure which may arise at default. Debt portfolios are structured to have an investment grade profile.

Wholesale credit risk exposure, where it exists, is monitored regularly at an aggregate portfolio, industry and individual counterparty basis with established concentration limits that are reviewed and revised, as deemed appropriate by group investment committee, at least on an annual basis. Industry and counterparty limits, as measured in terms of exposure and economic credit risk capital, are subject to stress-based loss constraints. Management of the group's wholesale credit risk exposure is accomplished through a number of means including: stringent loan underwriting and credit approval process; as well as collateral and other risk-reduction techniques. Wholesale credit exposure are at a minimum reviewed and approved at the level of the group investment committee

Pre-settlement risk is measured on a potential future exposure basis, taking into account implicitly the liquidity and explicitly the volatility of the reference asset or price of the instrument or product and the tenor of the exposure. Instruments that give rise to issuer credit risk are measured as primary credit risk

Settlement risk is measured on a notional basis, assuming that the counter value will not be received. The daily settlement profile for the counterparty concerned is the aggregate of all settlements due by the counterparty on that date, either on a gross or net basis, depending on whether the underlying transaction agreements include netting or not.

Risk Monitoring and Management

The group employs the use of internal exposure limits to its counterparties. Money market counterparties are selected on using a set of criteria that includes an investment grade credit rating and a systemic risk relevance based on a benchmark hurdle rate. Exposure limits are assigned on the basis of the counterparty assessment based on these selection criteria.

The group has developed policies and practices that are designed to preserve the independence and integrity of the approval and business decision-making process to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels.

The framework establishes credit approval authorities, concentration limits, risk-rating methodologies, and portfolio review parameters. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries, geographies and countries.

Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position based on objective evidence of impairment.

Risk reporting

To enable monitoring of credit risk and effective decision making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to the management committees; and board committee at least quarterly. Stress testing is important in measuring and managing credit risk in the group's business portfolios. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the group. In conjunction with independent research, the risk management function considers economic scenarios (and parameters underlying those scenarios) which may lead to credit migration, changes in counterparty liquidity and/or solvency states and the potential losses from credit exposures. During the period under review, credit exposures are considered on the basis of absolute loss exposure impact.

3.4 Country Risk Management

Country risk is the risk that a political, economic or sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers related to a country.

The Financial Investment and Risk Management (F.I.R.M) committee is responsible for the management of country risk across the group. The F.I.RM committee delegates the functional oversight of country risk management to the group executive committee. The group risk management function maintains oversight of country risk exposures and reports to the group executive committee monthly and the F.I.RM committee on a quarterly basis.

Risk Identification and Measurement

The group country risk governance standards incorporate the use of external ratings from qualifying External Credit Assessment Institutions (ECAIs). Country risk exposure management is based on country, sovereign and business environment risk assessment. Exposure in countries qualifying as medium and high risk countries is subject to increased analysis and monitoring.

Country exposures are generally measured by considering the group's risk to an immediate default of the counterparty or obligor, with zero recovery. Where required, the group seeks to incorporate country risk mitigation via methods like co-financing with multilateral institutions; political and commercial risk insurance; transaction structures to mitigate transferability and convertibility risk (such as collateral, collection and margining deposits outside the jurisdiction in question)

Risk Monitoring and Control

Group risk management in conjunction with independent research employs the use of surveillance tools for early identification of potential country risk concerns. Country ratings and exposures are actively monitored and reported on a regular basis based on an assessment of potential risk of loss associated with a significant sovereign, political, social, or economic crisis

3.5 Liquidity Risk Management

Liquidity risk management is intended to ensure that the Group has the appropriate amount, composition and tenor of funding and liquidity to support its assets.

The primary objectives of effective liquidity management are to ensure that the Group's legal entities are able to operate in support of client needs and meet contractual and contingent obligations under both normal and stressed market conditions; as well as to maintain debt ratings that enable the Group to optimize its funding mix and liquidity sources at minimal cost.

United Capital manages liquidity and funding using a centralized Treasury approach in order to actively manage liquidity for the group as a whole, monitor exposure and identify constraints on the transfer of liquidity within the Group; and maintain the appropriate amount of surplus liquidity as part of the group's overall balance sheet management strategy.

Risk Identification and Measurement

In the context of the Group's liquidity management, Treasury is responsible for:

- Measuring, managing, monitoring and reporting the Firm's current and projected liquidity sources and uses;
- Managing funding mix and deployment of excess short term cash

In addition, in conjunction with the group risk management function, Treasury is also responsible for:

- Understanding the liquidity characteristics of the Firm's assets and liabilities;
- Defining and monitoring group-wide and legal entity liquidity strategies and contingency funding plans;
- Liquidity stress testing under a variety of adverse scenarios;
- Defining and addressing the impact of regulatory changes on funding and liquidity.

The group adopts a three pronged approach to its liquidity risk management process which aligns strategies to liquidity risk categories. The group recognizes three categories of liquidity risk - short-term, structural, and contingent liquidity risk. These three liquidity risk management categories are governed by a comprehensive internal governance framework to identify, measure and manage exposure to liquidity risk

Treasury, in conjunction with the group risk management, is responsible for business activities governing the implementation of the group's liquidity management process:

Category	Activities
Short term liquidity risk management	•Monitor daily cash flow requirements •Manage intra-day liquidity positions •Monitor repo and bank funding shortage levels •Manage short term cash flows •Manage daily foreign currency liquidity •Provide guidance on fund taking rates in conformity with longer term and contingent liquidity requirements (as informed by the management committees)
Structural liquidity risk management	•Identify and manage medium to long term liquidity mismatches •Ensure a structurally sound balance sheet •Manage long term cash flows •Determine and apply behavioural profiling to investor portfolios (in conjunction with asset portfolio managers) •Preserve a diversified funding base •Assess foreign currency liquidity exposures •Establish liquidity risk appetite
Contingency liquidity risk management	•Establish and maintain contingency funding plans •Monitor and manage early warning liquidity indicators •Ensure regular liquidity stress tests and scenario analysis •Establish liquidity buffer levels in conformity with anticipated stress events •Convene liquidity crisis management committees (as required) •Ensure diversification of liquidity buffer portfolios

Risk Monitoring and Control

Monitoring and reporting entails cash flow measurement and forecasting for the next day, week, biweekly, month, quarter, half-year and yearly as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected receivable date of the financial assets.

Foreign currency liquidity risk management

The group maintains active monitoring and management of foreign currency assets and liabilities using suitable indicators to consistently track changes in market liquidity and/or exchange rates. In general, uncovered or unmatched or un-hedged FX positions is restricted.

Funding

The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and loan markets. The Group places considerable importance on the Sinking fund portfolio and other managed funds from both Trusteeship and wealth management business.

The group employs a diversified funding strategy to fund its balance sheet which incorporates a coordinated approach to accessing capital and loan markets (where necessary). Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment.

Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, sectors, geography and counterparties.

Non-derivative financial liabilities and assets held for managing liquidity risk

Presented in the table below are the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table below, are the contractual undiscounted cash flow and the assets held for managing liquidity risk.

Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for the Group under adverse scenarios. Stress tests are considered in the formulation of the group's funding plan and assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and market and idiosyncratic stress.

Liquidity stress tests assume all of the group's contractual obligations, as well as estimates of potential non-contractual and contingent outflows are met and also take into consideration varying levels of access to unsecured and secured funding markets.

Credit Ratings

The cost and availability of financing are influenced by the group's credit ratings. Reductions in these ratings could have an adverse effect on the group's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the group. Accordingly, the group places due emphasis on maintaining and improving its credit rating.

Credit ratings are dependent on multiple factors including the sovereign rating, capital adequacy levels, quality of earnings, credit exposure, our risk management framework and funding diversification. The group's F.I.RM committee ensures proper monitoring of these parameters and their possible impact on our credit rating as part of the group's liquidity risk management and contingency planning considerations.

3.6 Market Risk Management

Market risk is the exposure to an adverse change in the market value of portfolios and financial instruments caused by a change in their market prices

The group's exposure to market risks is categorized as follows:

· Market risk in trading activities: trading activities which may comprise market making, arbitrage and proprietary trading. These activities are primarily carried out within the group's securities trading business
· Interest rate risk on the balance sheet: this refers to risks inherent in the different re-pricing characteristics of balance sheet assets and liabilities. These may include re-pricing risk, basis risk, yield curve risk, and optionality risk.
· Equity investments on the balance sheet: this refers to risks resulting from price changes in listed and unlisted equity investments carried on the group's balance sheet. These investments are typically classified as Available for Sale (AFS).
· Foreign currency risk: The group may be exposed to foreign currency risk as a result of foreign-denominated cash exposures and accruals.

In managing market risks, the group risk management function works in close partnership with the lines of business, including Treasury, to identify and monitor market risks throughout the group. The group's market risk management practices seek to control risk, facilitate efficient risk/return decisions,

- Independent measurement, monitoring and control of business line and group wide market risk in accordance to approved risk limits
- Qualitative risk assessments

Risk Identification and Measurement

The risk management function articulates market risk management framework and specific business (line) risk frameworks that guide each line of business in the management of the market risks within its unit. The risk management function also responsible for independent oversight of each line of business to ensure that all material market risks are appropriately identified, measured, monitored and managed in accordance with framework guidelines approved.

The group risk management function uses various metrics, both statistical and non-statistical, to measure and manage market risks including: value-at-risk; stop-loss triggers; stress tests; back-testing; and specific business unit portfolio and product controls.

Value-at-risk, a statistical risk measure, is used to measure the potential loss from adverse market moves under normal market conditions. Historical VaR simulation is used specifically for market risk under normal conditions. Where adopted historical VaR is be based un-weighted historical data for the previous 12 months, a holding period of one day and a 99% confidence level. Daily VaR estimates are converted to a ten-day holding period. Expected shortfall is quantified to counteract the limitations of VaR.

Stop-loss triggers are used to protect the profitability of trading desks, and refer to cumulative or daily trading losses that prompt a review or close-out of positions in trading portfolios.

Specific business unit portfolio and product controls are market risk controls applied to specific business units. These may include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers, price validation and balance sheet substantiation. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

In recognition of the unpredictability of markets, stress testing is adopted to provide an indication of the potential losses that could occur under extreme market conditions and where longer holding periods may be required to exit positions.

Stress tests carried out by the group include individual market risk factor testing, combination of market risk factor testing, combination of market factors per trading desk and combinations of trading desks. The testing considers both historical market events and hypothetical forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Interest rate risks in trading and non-trading portfolios are quantified using both earnings- and valuation-based measurement techniques. This is monitored at least on a monthly basis by the group investment committee.

Foreign currency risk exposure may arise as a result of foreign-denominated cash exposures, foreign-denominated accruals, the translation effect on the group's net assets in foreign operations, and foreign-denominated debt. The finance/treasury function maintains oversight of aggregate foreign currency risk exposure, taking into account naturally offsetting risk positions and managing the group's residual risk. In general, the group's policy is not to ordinarily hold significant open FX exposures on the balance sheet. The risk management function conducts foreign currency sensitivity tests to monitor potential impact from rate movements in the FX markets.

The Group's market risk management process ensures disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilization of risk capital.

Equity risk

The Group holds investments in listed and unlisted securities. Listed equity securities (quoted on the Nigerian Stock Exchange) is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

Risk Monitoring and Control

Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the group takes into consideration factors such as market volatility, asset liquidity and accommodation of client business and management experience.

Limits may also be allocated within the lines of business, as well at portfolio level. Limits are established by risk management. Limits are reviewed regularly and updated as appropriate, with any changes approved by appropriate governance committees and risk management.

3.7 Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Operational risk is inherent in each of the group's businesses and support activities. Operational risk can manifest itself in various ways, including errors, fraudulent acts, business interruptions, inappropriate behaviour of employees, or vendors that do not perform in accordance with their arrangements. These events could result in financial losses, including litigation and regulatory fines, as well as other damage to the group, including reputational harm.

To monitor and control operational risk, the group maintains an overall framework that includes strong oversight and governance, comprehensive policies and processes, consistent practices across the lines of business, and enterprise risk management tools intended to provide a sound and well controlled operational environment. The framework includes:

- Ownership of the risk by the businesses and functional areas
- Monitoring and validation by internal control officers
- Oversight by independent risk management
- Independent review by Internal Audit

The goal is to keep operational risk at appropriate levels, in light of the group's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

In order to strengthen focus on the group's control environment and drive consistent practices across businesses and functional areas, the group established a group shared service operational platform in the financial year. Critical to the effectiveness, efficiency and stability of this operating environment is the deployment and implementation of suitable technology leveraging an Enterprise Resource Platform. In addition, the group has invested in the development of business continuity plans, systems and capabilities to ensure resilience and stability of our business operations in the face of unforeseen disruptions.

The group's approach to operational risk management is intended to identify potential issues and mitigate losses by supplementing traditional control-based approaches to operational risk with risk measures, tools and disciplines that are risk-specific, consistently applied and utilized group-wide. Key themes are transparency of information, escalation of key issues and accountability for issue resolution. The group has a process for monitoring operational risk event data, which permits analysis of errors and losses as well as trends. Such analysis, performed both at a line of business level and by risk-event type, enables identification of the causes associated with risk events faced by the businesses.

Internal Audit utilizes a risk-based program of audit coverage to provide an independent assessment of the design and effectiveness of key controls over the group's operations, regulatory compliance and reporting. This includes reviewing the operational risk framework, the effectiveness of the internal control environment, and the loss data-collection and reporting activities.

Business and Strategic risks are governed by the group executive committee - which is ultimately responsible for managing the costs and revenues of the group, and the board.

Financial crime control

Financial crime includes fraud, money laundering, violent crime and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties. The group will not condone any instance of financial crime and where these instances arise, the group takes timely and appropriate remedial action.

Financial crime control is defined as the prevention and detection of, and response to, all financial crime in order to mitigate economic loss, reputational risk and regulatory sanction. This function is anchored by the group's compliance, operations, internal control and internal audit functions.

3.8 Reputational Risk

Reputational risk results from damage to the group's image which may impair its ability to retain and generate business. Such damage may result in a breakdown of trust, confidence or business relationships.

Safeguarding the group's reputation is of utmost importance. Each business line, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. The impact of such risks is considered alongside financial or other impacts.

Matters identified as a reputational risk to the group are reported to the group chief operating officer and head, audit and business assurance; if required, the matter will be escalated to group executive committee.

Should a risk event occur, the group's crisis management processes are designed to minimize the reputational impact of the event. This includes ensuring that the group's perspective is fairly represented.

3.9 Capital Management

The Group's capital management approach is driven by its strategic and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. Capital management practices are designed to ensure that the group and its legal entities are capitalized in line with the risk profile, economic capital needs and target ratios approved by the board. Capital is managed under a seven-year sustainability framework which ensures the adequacy of regulatory capital despite seven consecutive years of allocated economic capital depletion.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve.

- Tier 2 capital: qualifying subordinated loan capital, preference shares, collective impairment allowances, and unrealized gains arising on the fair valuation of equity instruments through OCI.

	2020	2019
Tier 1 capital	**N'000**	**N'000**
Share capital	3,000,000	3,000,000
Share premium	683,611	683,611
Retained earnings	17,253,424	16,789,842
Total qualifying for Tier 1 capital	**20,937,035**	**20,473,453**
Tier 2 capital		
Fair value reserve	(859,229)	(888,394)
Other borrowings	58,335,218	50,876,737
Total qualifying for Tier 2 capital	**57,475,990**	**49,988,343**
Total regulatory capital	**78,413,025**	**70,461,796**

UNITED CAPITAL PLC

VALUE ADDED STATEMENT
For the period ended 30 September 2020

	Group				Company			
	2020		2019		2020		2019	
	=N=' 000	%	=N=' 000	%	=N=' 000	%	=N=' 000	%
Gross earnings	7,069,171		5,322,666		1,559,469		1,372,414	
Operating expenses - Local	(1,325,890)		(993,096)		(265,182)		(326,131)	
VALUE ADDED	**5,743,281**	**100%**	**4,329,570**	**100%**	**1,294,287**	**100%**	**1,046,283**	**100%**
Applied as follows:								
To pay employees:								
Salaries and other benefits	1,186,744	21%	1,128,441	26%	348,462	27%	324,806	31%
To pay Government:								
Taxes	659,730	11%	523,185	12%	80,145	6%	125,736	12%
Retained for future replacement of assets and expansion								
- Deferred tax	-	-	-		-	-	-	
- Depreciation	159,546	3%	91,974	2%	133,531	10%	74,883	7%
- Impairment loss	273,679	5%	(160,758)	-4%	311,385	24%	(139,253)	-13%
- Profit for the year	3,463,582	60%	2,746,728	63%	420,764	33%	660,111	63%
	5,743,281	100%	**4,329,570**	100%	**1,294,287**	100%	**1,046,283**	100%

Value added represents the additional wealth which the company has been able to create on its own and employees' efforts. The statement shows the allocation of that wealth between the employees, government and that retained by the company for the future creation of more wealth.