

UNITED CAPITAL PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2016

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CORPORATE INFORMATION

DIRECTORS:

Chika Mordi	Chairman
Oluwatoyin Sanni	Group Chief Executive Officer
Yoro Mohamed Diallo	Non-Executive Director
Adim Jibunoh	Non-Executive Director
Ambassador John .K. Shinkaiye	Non-Executive Director
Emmanuel N. Nnorom	Non-Executive Director

EXECUTIVE MANAGEMENT:

Bunmi Akinremi	Managing Director, Investment Banking
Jude Chiemeka	Managing Director, United Capital Asset Management Limited
Tokunbo Ajayi	Managing Director, United Capital Trustees
Kayode Fadahunsi	Managing Director, United Capital Securities Limited
Sunny Anene	Group Chief Finance Officer
Leo Okafor	Group Company Secretary/General Counsel

RC No.

RC444999

FRC No.

FRC/2013/00000000001976

REGISTERED OFFICE:

57, Marina
Lagos Island
Lagos, Nigeria

BANKERS

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

AUDITORS:

Akintola Williams Deloitte
Plot GA 1 Civic Towers
Ozumba Mbadiwe Avenue,
Victoria Island,
Lagos, Nigeria

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended December 31, 2016.

1. LEGAL FORM

United Capital Plc was incorporated in Nigeria as a Limited Liability Company on March 14, 2002 under the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It became a public company and was listed on the Nigerian Stock Exchange in January 2013 after a successful spin-off from United Bank for Africa Plc, a commercial bank in Nigeria. United Capital Plc ("UCAP") is the first Investment Bank in Nigeria to be listed on the Nigerian Stock Exchange. UCAP is a holding company with three subsidiaries namely United Capital Trustees Limited, United Capital Asset Management Limited and United Capital Securities Limited. Its areas of business include investment banking, trusteeship, asset management and stock-broking.

2. RESULTS

	Group		Company	
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
Profit before tax	6,366,734	3,263,663	4,638,327	1,488,390
Income tax	(363,208)	(693,191)	(169,561)	(586,009)
Profit for continuing operation	6,003,526	2,570,472	4,468,766	902,381
Gain on sale of investment in associate	909,695	-	1,526,090	-
Profit for the year	6,913,221	2,570,472	5,994,856	902,381
Other Comprehensive income	(995,840)	(26,331)	13,978	(11,483)
Total Comprehensive income	5,917,381	2,544,141	6,008,834	890,898
Total comprehensive income attributable to equity holders of the Company	5,917,381	2,544,141	6,008,834	890,898
Earnings per share	115	43	100	15

3. DIVIDEND

In respect of the current year, the Directors propose that a dividend of 50 kobo per ordinary share of 50kobo each, amounting to N3 billion, be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on March 2nd, 2017.

4. PRINCIPAL ACTIVITIES

UCAP is engaged in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers and acquisitions, debt capital markets. Through its subsidiaries, it provides additional services such as trusteeship, asset management, and securities trading.

5. BUSINESS REVIEW AND FUTURE DEVELOPMENT

UCAP carries out its activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Managing Director's report.

*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

6. DIRECTORS

The names of the Directors during the year ended December 31, 2016 are shown below. In accordance with section 259 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, the following directors are retiring and are offering themselves for re-election:

- 6.1 Ambassador John Kayode Shinkaiye
6.2 Mr. Yoro Diallo

7. DIRECTORS INTERESTS

The Interests of the Directors in the issued share capital of the Company are recorded in the register of Director's Shareholding as at December 31, 2016 as follows:

S/N	NAMES OF DIRECTORS	31-Dec-16	31-Dec-16	31-Dec-15	31-Dec-15
		DIRECT	INDIRECT	DIRECT	INDIRECT
1	Chika Mordi	12,363	Nil	48,086	Nil
2	Adim Jibunoh	Nil	Nil	Nil	Nil
3	Emmanuel Nhorom	2,640,486	8,886,645	2,640,486	23,486,645
4	Yoro Diallo	Nil	Nil	Nil	Nil
5	Ambassador Shinkaiye	3,264,308	Nil	3,114,308	Nil
6	Oluwatoyin Sanni	1,235,645	Nil	1,015,350	Nil

8. ANALYSIS OF SHAREHOLDING

As at the end of 2016, United Capital's shares were held by 268, 274 shareholders as analyzed in the table below:

Range	No of shareholders	% of total shareholders	No of shares held	% of total shareholding
1-1,000	175,197	65.31%	63,046,0	1.05%
1,001-5,000	64,742	24.13%	137,676,	2.29%
5,001-10,000	12,973	4.84%	89,758,5	1.50%
10,001-50,000	11,188	4.17%	232,901,	3.88%
50,001-100,000	1,759	0.66%	124,447,	2.07%
100,001-500,000	1,741	0.65%	363,749,	6.06%
500,001-1,000,000	295	0.11%	214,337,	3.57%
1,000,001-999,999,999,999	379	0.14%	4,774,08	79.57%
	268,274	100%	6,000,0	100%

SUBSTANTIAL INTEREST IN SHARES (10% and above)

As of the end of December 31, 2016, the shareholders with 5% and above are shown in the table below:

SHAREHOLDERS	SHAREHOLDING	% HOLDING
West Coast Equity Ltd	668,367,002	11.1395%
West Coat Equity Limited	637,111,568	10.6185%

9. SUMMARY OF DEALING IN UCAP SHARES AS AT DECEMBER 31, 2016

QUARTER	TOTAL	MONTHLY AVERAGE
MARCH QUARTER	500,784,557	116,928,185
JUNE QUARTER	640,930,715	213,643,571
SEPTEMBER QUARTER	340,069,958	113,356,653
DECEMBER QUARTER	294,615,712	98,205,237

10. ACQUISITION OF OWN SHARES

The Company did not purchase its own shares during the period.

11. PROPERTY, PLANT & EQUIPMENT

In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the financial statement.

12. EMPLOYMENT AND EMPLOYEES**12.1 Employment of Physically Challenged Persons**

The Company operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Company's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

12.2 Health, Safety at Work and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

12.3 Employee involvement and Training

The Company encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Company provides opportunities where employees deliberate on issue affecting the Company and employees interest, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower.

12.4 Research and Development

The Company also on a continuous basis carries out research into new banking products and services.

13. EVALUATION**13.1 Board Evaluation**

A Board evaluation was undertaken in 2016 by PriceWaterHouseCoopers. The performance of the Board, Board Committee and individual directors were adjudged satisfactory and necessary feed backs were communicated to individual directors arising from the exercise.

13.2 SAC Evaluation

An evaluation of the Statutory Audit Committee ("SAC") was also undertaken and the performance of the SAC members was adjudged satisfactory. Members resolved to sustain the performance and strive to surpass it in subsequent years.

14. COMPLIANCE**14.1 Trading in Securities Policy**

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide our Directors, Employees, External Advisers and Related Parties on trading in the securities of the company within the closed period. Under this policy the closed period is when no Director, Employee, External Adviser and Related Party with inside information can trade in the securities of the company. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters or the date of circulation of agenda papers pertaining to any of the said matters (whichever is earlier), up to 24 hours after the price sensitive information is submitted to the Exchange, the trading window shall thereafter be opened:

- (a) Declaration of financial results (quarterly, half-yearly and annual);
- (b) Declaration of dividends (interim and final);
- (c) Issue of securities by way of public offer or rights or bonus etc;
- (d) Any major expansion plans or winning of bid or execution of new projects, disposal of the whole or a substantial part of the undertaking;
- (e) Any changes in policies, plans, or operations of the company that are likely to materially affect the prices of the securities of the company;
- (f) Disruption of operations due to natural calamities;
- (g) Litigation/dispute with a material impact;
- (h) Any information which if disclosed in the opinion of the person discharging the same is likely to materially affect the price of the securities of the company.

We hereby confirm that no Director traded in the securities of the company within the closed period.

14.2 SEC Code of Corporate Governance for Public Companies in Nigeria

The Company has complied with the SEC Code of Code of Corporate Governance for Public Companies in Nigeria.

14.3 Complaint Management Framework

The Company has a Complaint Management Framework in place which has also been uploaded on the Company's website.

14.4 Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. This was extensively reviewed by the Board and it covers among other things the procedures for the receipt, retention and treatment of information received from whistle blowers and the custodian of the dedicated line.

15. POST-BALANCE SHEET EVENTS

There are no post balance sheet events which could have had a material effect on the financial statement as of December 31, 2016.

16. AUDITORS

Messrs Akintola Williams Deloitte has indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY THE ORDER OF THE BOARD


LEO OKAFOR

Company Secretary

INDEPENDENT AUDITOR'S REPORT To the Members of United Capital Plc

Opinion

We have audited the consolidated and separate financial statements of **United Capital Plc** (the company) and its subsidiaries (together the group) which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flow for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of **United Capital Plc** as at 31 December, 2016 and the consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **United Capital Plc** in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Valuation of Unquoted Equity	
The Group and company have significant investments in unquoted equities valued at over N19billion as reflected in Note 14.2 which are measured in line with the provisions of IFRS 13.	In evaluating the valuation of unquoted equities, we evaluated valuation technique adopted by the directors. We performed various procedures such as:
IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value	<ul style="list-style-type: none"> Testing of inputs into the cash flow forecast against historical performance and in comparison to the budgets and plans of

Key Audit Matter	How the matter was addressed in the audit
<p>hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels.</p>	<p>each entity in which the investments were acquired</p>
<p>Level 3 adopted by the company have inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.</p>	<ul style="list-style-type: none"> • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections
<p>Level 3 fair value hierarchy requires a lot of judgment from management, giving rise to the risk of bias in estimates and assumption such that the reported value of these investments may not reflect a fair value.</p>	<ul style="list-style-type: none"> • Engaging our internal valuation specialist to assist with the testing of the cost of equity calculation.
<p>The directors had opted for the use of the average of the Free Cash flow to Equity (FCFE) and the price to earnings multiple method in valuing the investments in unquoted equities.</p>	<ul style="list-style-type: none"> • Performing sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use and the appropriateness of the directors' disclosures.
<p>Management engaged the use of financial instrument expert in the valuation of the instruments.</p>	<p>We consider the valuation method adopted by the directors to be appropriate. The cash flow projections were also found to be modest while the measurement of cost of equity for each investment were found to be appropriate. In conclusion, we considered the fair valuation of unquoted equities to be appropriate.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditor's report and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

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

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

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to continue as a going concern. Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.

The Group has kept proper books of account, so far as appears from our examination of those books.

The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Michael Daudu, FCA,



Michael Daudu, FCA, FRC/2013/ICAN/00000000845

For: Akintola Williams Deloitte

Chartered Accountants

Lagos, Nigeria

16 February, 2017



*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

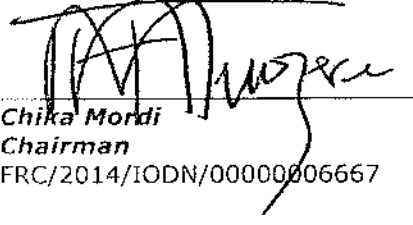
Consolidated Statement of Profit or Loss and Other Comprehensive Income


	Note	Group		Company	
		December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
Gross Earnings		9,000,955	6,153,729	5,501,346	3,087,052
Investment income	4	4,039,726	3,072,587	353,250	259,336
Fee and commission income	5	1,979,622	1,612,806	1,219,439	831,942
Net trading income		15,310	-	-	-
Net interest margin	6	640,319	810,862	-	-
Net operating income		6,674,977	5,496,255	1,572,689	1,091,278
Other income	7	2,325,978	657,474	828,657	45,774
Dividend income from subsidiaries	8	-	-	3,100,000	1,950,000
Total Revenue		9,000,955	6,153,729	5,501,346	3,087,052
Personnel expenses	9	(1,274,449)	(1,197,807)	(425,055)	(491,235)
Other operating expenses	10	(1,239,674)	(1,310,552)	(386,427)	(579,663)
Depreciation and amortisation	17/18	(86,587)	(63,993)	(51,537)	(30,709)
Impairment charge	19.1	(33,511)	(665,664)	-	(497,055)
Total Expenses		(2,634,221)	(3,238,016)	(863,019)	(1,598,662)
Share of profit of equity accounted investee	15	-	347,950	-	-
Profit before income tax		6,366,734	3,263,663	4,638,327	1,488,390
Income tax expense	11	(363,208)	(693,191)	(169,561)	(586,009)
Profit for the period from continuing operations		6,003,526	2,570,472	4,468,766	902,381
Gain from the sale of investment in associate company	15.1	909,695	-	1,526,090	-
PROFIT FOR THE PERIOD		6,913,221	2,570,472	5,994,856	902,381
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Net fair value (loss)/gain on available for sale securities	30	(995,840)	(26,331)	13,978	(11,483)
Other comprehensive income for the period, net of taxes		(995,840)	(26,331)	13,978	(11,483)
Total comprehensive income for the period		5,917,381	2,544,141	6,008,834	890,898
Profit for the year attributable to:					
Equity holders of the Company		6,913,221	2,570,472	5,994,856	902,381
Total comprehensive income attributable to:					
Equity holders of the Company		5,917,381	2,544,141	6,008,834	890,898
Earnings per share-basic(kobo)	13	115	43	100	15

*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

Consolidated & Separate Statement of Financial Position

	Note	Group		Company	
		December	December	December	December
		2016	2015	2016	2015
		N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	13	21,454,680	72,736,383	3,453,691	1,289,919
Financial assets:					
- Loan and receivables	14.1	47,977,037	30,856,189	18,689,964	12,717,488
- Available for sale	14.2	44,945,935	10,548,229	16,803,664	42,186
- Held to maturity	14.3	41,127,445	23,163,229	4,084,306	1,714,746
- Investment in property	14.4	-	270,000	-	-
Investment in associates	15	-	2,266,396	-	1,650,000
Investments in subsidiaries	16	-	-	900,000	750,000
Property, plant and equipment	17	170,937	158,703	105,257	99,945
Intangible assets	18	22,661	31,069	22,661	31,069
Trade and other receivables	19	4,337,297	3,418,928	620,023	729,623
Dividend receivable from subsidiaries	28.2	-	-	3,572,652	2,921,616
Deferred tax assets	20	656,967	656,967	334,367	334,367
TOTAL ASSETS		160,692,959	144,106,093	48,586,585	22,280,959
LIABILITIES					
Bank Over draft	21	-	2,973,552	-	-
Managed funds	22	100,679,053	109,105,099	-	-
Other borrowed funds	23	34,833,121	16,144,955	35,433,121	13,704,523
Other liabilities	24	9,120,866	3,286,580	1,610,585	734,794
Current tax liabilities	25	1,821,768	2,175,137	1,173,397	1,380,996
Deferred tax liabilities	20	219	219	-	-
TOTAL LIABILITIES		146,455,027	133,685,542	38,217,103	15,820,313
SHAREHOLDERS FUND					
Share capital	26	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	13,246,278	8,433,057	6,729,746	2,834,888
Other reserves	30	(2,691,957)	(1,696,117)	(43,875)	(57,853)
TOTAL SHAREHOLDERS FUND		14,237,932	10,420,551	10,369,482	6,460,646
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		160,692,959	144,106,093	48,586,585	22,280,959


Chika Mordi
Chairman
FRC/2014/IODN/000000006667


Oluwatoyin Sanni
Group Chief Executive Officer
FRC/2013/NBA/000000002481


SUNNY ANENE, FCA
Group Chief Finance Officer
FRC/2013/ICAN/000000004944

*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

Consolidated Statement of Changes in Equity

(a) Group

	Share Capital N'000	Retained Earnings N'000	Share Premium N'000	Other Reserves N'000	Total N'000
At 1 January 2016	3,000,000	8,433,057	683,611	(1,696,117)	10,420,551
Transfer from profit or loss account	-	6,913,221	-	-	6,913,221
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserves	-	-	-	(995,840)	(995,840)
At 31 December 2016	3,000,000	13,246,278	683,611	(2,691,957)	14,237,932

Company

Balance at 1 January 2016	3,000,000	2,834,888	683,611	(57,853)	6,460,646
Transfer from profit or loss account	-	5,994,856	-	-	5,994,856
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserve	-	-	-	13,978	13,980
At 31 December 2016	3,000,000	6,729,744	683,611	(43,875)	10,369,482

(b) 31 December 2015

Group

	Share Capital N'000	Retained earnings N'000	Share Premium N'000	Other Reserves N'000	Total N'000
At 1 January 2015	3,000,000	7,062,585	683,611	(1,669,786)	9,076,410
Transfer from profit or loss account	-	2,570,472	-	-	2,570,472
Dividend paid	-	(1,200,000)	-	-	(1,200,000)
Fair value reserves	-	-	-	(26,331)	(26,331)
At 31 December 2016	3,000,000	8,433,057	683,611	(1,696,117)	10,420,551

Company

At 1 January 2015	3,000,000	3,132,508	683,611	(46,371)	6,769,748
Transfer from profit or loss account	-	902,381	-	-	902,381
Dividend paid	-	(1,200,000)	-	-	(1,200,000)
Fair value reserve	-	-	-	(11,483)	(11,483)
At 31 December 2016	3,000,000	2,834,889	683,611	(57,854)	6,460,646

*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

CONSOLIDATED STATEMENT OF CASH FLOWS

		Group		Company	
		December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
Note					
Cash flows from operating activities					
Interest & investment income	4	4,039,726	3,072,587	353,250	259,336
Fees & commission income	5	1,979,622	1,612,806	1,219,439	831,942
Net trading income		15,310	-	-	-
Net interest margin	6	640,319	810,862	-	-
Other income	7	2,325,978	657,474	828,657	45,774
Gain from sale of investment in associate	15.1	1,526,090	-	1,526,090	-
Cash paid to employees	9	(1,274,449)	(991,956)	(425,055)	(463,358)
Other operating cash		521,536	42,447,557	458,953	190,235
Tax paid	25	(716,578)	(165,900)	(377,161)	(14,640)
Net cash used in/(provided by) operating activities		9,057,554	47,443,430	3,584,173	849,289
Cash flows from investing activities					
Purchase of property and equipments	17	(98,204)	(28,914)	(56,375)	(4,530)
Purchase of intangible assets	18	(2,053)	(6,901)	(2,053)	(6,901)
Investments in financial assets:					
Available for sale		(35,393,544)	(1,539,122)	(16,747,500)	-
Loans and receivables		(17,120,848)	(9,703,911)	2,296,083	(1,109,267)
Held to Maturity		(17,964,216)	4,364,553	(2,369,560)	(400,048)
Investment in associate company	15.1	1,650,000	-	1,650,000	-
Investment property		270,000	-	-	-
Net cash provided by/(used in) investing activities		(68,658,865)	(6,914,295)	(15,229,405)	(1,520,746)
Cash flows from financing activities					
Dividend received		-	-	2,448,964	1,404,791
Dividend paid		(2,100,000)	(1,200,000)	(2,100,000)	(1,200,000)
Additional loan during the year	23	17,874,450	4,302,988	17,874,450	1,302,988
Loan repayment	23	(7,454,842)	(2,691,337)	(4,414,410)	-
Net cash provided by financing activities		8,319,608	411,651	13,809,004	1,507,779
Net increase/(decrease) in cash and cash equivalents		(51,281,703)	40,940,786	2,163,772	836,322
Cash and cash equivalents at beginning of period		72,736,383	31,795,597	1,289,919	453,597
Cash and cash equivalents at end of period	13	21,454,680	72,736,383	3,453,691	1,289,919

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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 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 is 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 & 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 appropriate 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

The Group's consolidated financial statements for the year ended 31 December 2013 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 & 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 & 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).

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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.

(a) Subsidiaries

The consolidated & 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.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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 3R 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.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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 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 nor 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 realized 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.

2.7 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – are recognised in the statement of financial position and measured in accordance with their assigned category

2.7.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

financial assets. The Directors determine the classification of its financial instruments at initial recognition.

(a) Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments at fair value through profit or loss'. Interest income and expense and dividend income and expenses on financial assets at fair value through profit or loss are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

(b) Loans and receivables

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

Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(ii) Those that the Group upon initial recognition designates as available for sale; or

(iii) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as investment securities that there was no ready market for tradeable. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and receivables.

(c) Held-to-maturity financial assets

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

(a) Those that the Group upon initial recognition designates at fair value through profit or loss;

(ii) Those that the Group designates as available for sale; and

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

- (iii) Those that were initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

(d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement in 'Other operating income' when the Group's right to receive payment is established.

(e) Recognition

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.7.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value), financial liabilities at amortised cost and hedging derivatives. Financial liabilities are derecognised when extinguished.

Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments at fair value through profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from corporates or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

2.7.3 Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

2.7.4 Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.7.5 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE) and broker quotes from Bloomberg and Reuters."

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

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

"For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in the Notes.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, the Directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

2.7.6 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.8 Reclassification of financial assets

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

The group may reclassify a financial instrument when its intentions and the characteristics of the financial instrument changes.

2.9 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

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

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS**2.10 Revenue recognition****(a) Interest income and expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' 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 interest income or interest expense 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.

"Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is 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

2.11 Impairment of financial assets

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

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cashflows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

These characteristics are relevant to the estimation of future cash flows for groups of such financial assets by being indicative of the counterparty's 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 based on 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.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognised using the effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss.

"The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the asset's

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

original effective interest rate. The amount of the loss is recognised using an allowance account and recognised in the Income Statement.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. Where such evidence exists, the cumulative gain or loss that has been previously recognised directly in equity is removed from equity and recognised in the Income Statement. Reversals of impairment of equity shares are not recognised in the Income Statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the Income Statement.

2. 12 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. 13 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
Office equipment	5 years
Furniture & fittings	5 years
Computer hardware & equipment	5 years
Building	40 years
Leasehold improvements	over shorter of the useful life of item or lease period

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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 any change in circumstances.

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. 14 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.

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- (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 assets 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 rate on a pre-tax basis.

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.

2.15 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 current and prior periods.

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 in the future payments is available.

2.16 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.

2.17 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.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS**2.18 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.

2.19 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 company by the weighted average number of shares outstanding during the period.

2.20 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2.21 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.

2.22 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. 23 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

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

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.

2.24 Related party transactions

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

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	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
4 Investment income				
Fixed deposits	4,036,807	3,070,791	353,250	259,336
Investments securities	2,919	1,796	-	-
	4,039,726	3,072,587	353,250	259,336
5 Fees and commission income				
Financial advisory fees	1,219,439	831,941	1,219,439	831,942
Other fees and charges	760,183	780,865	-	-
	1,979,622	1,612,806	1,219,439	831,942

Net trading income includes gains and losses arising both on the purchase and sale of quoted equities.

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
6 Net interest margin				
Interest income on managed funds	8,874,947	4,681,648	-	-
Interest expense on managed funds	(8,234,628)	(3,870,786)	-	-
	640,319	810,862	-	-
7 Other income				
Dividend on equity investment	464,395	357,308	6,740	2,247
Other interest income	681	49,945	-	37,889
Other income	1,860,902	250,221	821,917	5,638
	2,325,978	657,474	828,657	45,774

8 Dividend income from subsidiaries

This represents dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group.

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
9 Personnel expenses				
Staff cost	1,259,101	1,176,490	419,187	483,454
Contributions to defined contribution plans	15,348	21,317	5,868	7,781
	1,274,449	1,197,807	425,055	491,235

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10 Other operating expenses

Other premises and equipment costs	9,049	15,213	1,719	3,273
Auditors remuneration	36,000	31,500	12,000	10,000
Professional fees	467,233	476,270	93,475	158,465
Interest on long term debt	-	36,207	-	3,582
Travel and accommodation	21,355	24,600	12,071	14,806
Business development	76,022	83,989	25,648	66,334
Insurance	26,749	20,760	7,663	5,947
General admin expenses	138,864	92,846	82,056	71,887
Advertisement and Branding	31,031	40,385	4,999	16,955
Donations	150,000	151,050	50,000	76,750
AGM/Dividend processing expenses	63,885	113,820	21,295	61,675
Share register fee	17,610	18,327	5,870	9,163
Rent and Rates	95,803	79,772	30,708	27,319
Directors fees and other allowances	28,841	28,840	9,547	7,210
Subscription	26,649	9,779	12,125	5,439
Printing and Stationary	6,282	7,583	2,243	3,807
Office running expenses	6,011	24,497	924	3,135
Exchange rate loss	-	14,341	-	14,341
Business entertainment	847	5,515	426	2,280
IT license & Maintenance fee	26,550	20,500	8,850	10,250
Training and conference	10,893	14,758	4,808	7,045
	1,239,674	1,310,552	386,427	579,663

11 Recognised in the profit or loss

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Profit Before tax	6,366,734	3,263,663	4,638,327	1,488,390
Taxable expenses				579,671
Tax free Income			(3,100,000)	(1,970,359)
			-	-
Taxable profit/(loss)	6,366,734	3,263,663	1,538,327	97,702
			-	-
Excess dividend tax	-	630,000	-	630,000
Income tax @ 30%	211,679	78,152	89,295	-
Minimum tax	14,701	52,170	-	37,213
Education tax @ 2%	26,789	7,823	18,487	1,954
Technology tax	110,039	50,060	61,779	14,884
Under provision in prior year	-	-	-	-
Share of associated company tax	-	10,506	-	-
			-	-
Current tax on income for the	363,208	828,711	169,561	684,051
Deferred tax charge- temporary difference	-	(135,520)	-	(98,042)
			-	-

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Tax on profit on ordinary	363,208	693,191	169,561	586,009
		-		-
Effective tax rate	6	21	4	39
Earnings per share				

12 Basic earnings per share

Basic earnings attributable to shareholders (N'000)	<u>6,913,221</u>	<u>2,570,472</u>	<u>5,994,856</u>	<u>902,381</u>
Number of ordinary shares in issue ('000)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Basic earnings per share (kobo)	<u>115</u>	<u>43</u>	<u>100</u>	<u>15</u>

The basic earnings per share have been adjusted to reflect the current year's number of ordinary shares resulting from the right issue of 2 billion units which occurred during the year.

	Group		Company	
	December 2016 N'000	December 2015 N'000	2016 N'000	2015 N'000
13 Cash and cash equivalents				
Cash and balances with banks	1,953,504	2,503,866	649,927	561,199
Money market placements	19,501,176	70,232,775	2,803,764	728,720
Allowance for doubtful balances	-	-	-	-
	<u>21,454,680</u>	<u>72,736,641</u>	<u>3,453,691</u>	<u>1,289,919</u>
Allowance for impairment	-	(258)	-	-
	<u>21,454,680</u>	<u>72,736,383</u>	<u>3,453,691</u>	<u>1,289,919</u>

"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".

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
14 Financial Assets				
14.1 Loan and receivables				
Bonds	26,808,724	16,446,989	-	-
Commercial paper	11,979,979	8,392,911	11,979,979	8,392,912
Loans to customer (note 14.1.1)	9,188,334	6,016,289	6,709,985	4,324,576
	<u>47,977,037</u>	<u>30,856,189</u>	<u>18,689,964</u>	<u>12,717,488</u>

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

14.1.1 This represents a loan facility indexed to LIBOR for a period of 24 months. The Commercial paper represents investment in a discounted note for a period of 60 months. Bonds represents investment in State Government and Corporate bonds.

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	2015 N'000
14.2 Financial Assets - Available for Sale				
Treasury bills	9,388,480	1,396,723	-	-
Bonds	13,573,865	4,789,762	-	-
Equity- Quoted	2,218,626	2,183,671	100,039	100,039
Equity- Unquoted	19,386,262	2,033,744	16,747,500	-
Collective Investment Scheme	3,070,659	1,840,446	-	-
	47,637,892	12,244,346	16,847,539	100,039
Less: Fair value change (Note 30)	(2,691,957)	(1,696,117)	(43,875)	(57,853)
	44,945,935	10,548,229	16,803,664	42,186

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	2015 N'000
14.3 Financial Assets - Held to Maturity				
Fixed deposit	-	112,305	-	-
Treasury Bills	20,984,873	3,241,065	1,448,144	-
Federal Government Bonds	-	802,571	-	-
State Government Bonds	11,607,151	11,650,981	486,799	-
Corporate Bonds	8,535,421	7,356,307	2,149,363	1,714,746
	41,127,445	23,163,229	4,084,306	1,714,746

14.4 Financial Assets - Investment in Property

Real Estate	-	270,000	-	-
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In 2014, the company purchased a property located at No 4 Marconi Street, Palmgrove Estate. The property was purchased for real estate development, it was disposed in February 2016 for about N284million.

15 Investment in associate	2016 N'000	2015 N'000	2016 N'000	2015 N'000
At 1 January	2,266,396	1,928,952	1,650,000	1,650,000
Share of profit before tax	-	347,950	-	-
Share of tax	-	(10,506)	-	-
Disposal of associate (Note 15.1)	(2,266,396)		(1,650,000)	
At 31 December	-	2,266,396	-	1,650,000

During the period, the company disposed her 50% stake in UBA Metropolitan Life Limited.

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Gain on disposal of associate	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Proceeds on disposal	3,176,090	-	3,176,090	-
Cost of investment	(2,266,396)	-	(1,650,000)	-
	909,694	-	1,526,090	-

16 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
			900,000	

16.1 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.

16.2 Non-controlling interest of subsidiaries

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

16.3 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.

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17	Property, plant and equipment	Furniture & Equipment N'000	Motor vehicles N'000	Computer Equipment N'000	Total N'000
(i)	Group				
	Cost				
	Balance at 1 January 2016	64,484	234,380	106,037	404,901
	Additions	1,827	79,195	17,182	98,204
	Disposals	-	(23,970)	-	(23,970)
	Adjustment	-	-	-	-
	Balance at 31 December 2016	66,311	289,605	123,219	479,135
	Depreciation and impairment losses				
	Balance at 1 January 2016	37,846	139,968	68,384	246,199
	Additions	8,618	57,051	13,387	79,055
	Disposals	20	(17,076)	-	(17,056)
	Adjustment	-	-	-	-
	Balance at 31 December 2016	46,484	179,943	81,771	308,198
	Carrying amounts				
	Balance at 31 December 2016	<u>19,827</u>	<u>109,662</u>	<u>41,448</u>	<u>170,937</u>
	Balance at 31 December 2015	<u>26,638</u>	<u>94,415</u>	<u>37,651</u>	<u>158,703</u>
17	Property, plant and equipment	Furniture & Equipment N'000	Motor vehicles N'000	Computer Equipment N'000	Total N'000
(ii)	Company				
	Balance at 1 January 2016	35,522	77,555	54,032	167,108
	Additions	1,549	49,895	4,931	56,375
	Disposals	-	(22,831)	-	(22,831)
	Adjustment	-	-	-	-
	Balance at 31 December 2016	37,071	104,618	58,963	200,652
	Depreciation and impairment losses				
	Balance at 1 January 2016	13,021	35,055	19,087	67,163
	Additions	7,146	25,697	11,161	44,005
	Disposals	22	(15,795)	-	(15,773)
	Adjustment	-	-	-	-
	Balance at 31 December 2016	20,189	44,957	30,248	95,395
	Carrying amounts				
	Balance at 31 December 2016	<u>16,881</u>	<u>59,661</u>	<u>28,714</u>	<u>105,257</u>
	Balance at 31 December 2015	<u>22,501</u>	<u>42,500</u>	<u>34,944</u>	<u>99,945</u>
				Group	Company

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	N'000	N'000
18 Intangible assets		
Purchased software		
Cost		
Balance at 1 January 2016	50,916	50,916
Addition	2,053	2,053
Disposal	-	-
Balance at 31 December 2016	<u>52,969</u>	<u>52,969</u>
Amortization and impairment losses		
Balance at 1 January 2016	19,849	19,849
Amortisation for the year	10,459	10,459
Disposal	-	-
Balance at 31 December 2016	<u>30,308</u>	<u>30,308</u>
Carrying amounts		
Balance at 31 December 2016	<u>22,661</u>	<u>22,661</u>
Balance at 31 December 2015	<u>31,067</u>	<u>31,067</u>

	Group		Company	
	December	December	December	December
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
19 Trade receivables & Prepayments				
Trade debtors	63,631	724,996	48,412	48,524
Interest receivable	377,375	1,171,117	76,072	50,435
Prepayments	201,409	454,169	8,538	49,808
Accrued income	1,340,713	658,445	756,756	658,445
Other receivables	636,907	816,410	118,202	75,940
WHT Receivable	229,067	535,954	145,974	492,136
Others assets	2,414,460	81,936	-	-
	5,263,562	4,443,027	1,153,954	1,375,288
Impairment on Trade Receivables (note 19.1)	<u>(926,265)</u>	<u>(1,024,099)</u>	<u>(533,931)</u>	<u>(645,665)</u>
	<u>4,337,297</u>	<u>3,418,928</u>	<u>620,023</u>	<u>729,623</u>
19.1 Impairment on trade receivables				
At 1 January	1,024,099	750,940	645,665	167,965
Provision no longer required	(131,345)	(392,505)	(111,734)	(19,356)
Arising during the period	33,511	665,664	-	497,055

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Write off	-	-	-	-
At 31 December	<u>926,265</u>	<u>1,024,099</u>	<u>533,931</u>	<u>645,665</u>
Allowance for impairment				
Impairment loss on trade receivables	<u>33,511</u>	<u>665,664</u>	<u>-</u>	<u>497,055</u>
 20 Deferred tax - (Asset)				
Deferred tax assets:				
- Deferred tax asset to be recovered after more than 12 months	<u>656,967</u>	<u>656,967</u>	<u>334,367</u>	<u>334,367</u>
	<u>656,967</u>	<u>656,967</u>	<u>334,367</u>	<u>334,367</u>
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months	<u>219</u>	<u>219</u>	<u>-</u>	<u>-</u>
Total	<u>219</u>	<u>219</u>	<u>-</u>	<u>-</u>
 21 Bank Overdraft				
	<u>-</u>	<u>2,973,552</u>	<u>-</u>	<u>-</u>
	Group		Company	
	December	December	December	December
	2016	2015	2016	2015
	N'000	N'000	N'000	N'000
 22 Managed Funds				
Fixed income notes	54,525,885	58,404,666	-	-
Trust funds	1,984,229	1,566,202	-	-
Sinking Funds	43,802,392	48,848,065	-	-
Payable on trust accounts	<u>366,547</u>	<u>286,166</u>	<u>-</u>	<u>-</u>
	<u>100,679,053</u>	<u>109,105,099</u>	<u>-</u>	<u>-</u>

Sinking Funds are funds managed by Trustees on behalf of State Governments. The funds are invested in fixed income instruments for liquidity purposes in order to meet bondholder's obligations as they become due.

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	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
23 Other borrowed funds				
At 1 January	16,144,955	14,479,289	13,704,523	12,397,952
Loan from commercial bank (note 23.1)	17,874,450	4,302,988	17,874,450	1,302,989
Interest charge during the period	-	54,015	-	3,582
Revaluation	8,268,558	-	8,268,558	-
Repayment during the period	(7,454,842)	(2,691,337)	(4,414,410)	-
At 31 December	34,833,121	16,144,955	35,433,121	13,704,523

- 23.1** Loans from commercial bank represent different facilities with floating interest rates indexed to Libor for a period of sixty (60) months with maturity ranging from 1 month to 32 months. The loans are collateralized by negative pledge

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
24 Other liabilities				
Creditors and accruals	1,494,978	1,271,777	705,411	547,651
Customers deposit	2,946,878	602,475	-	-
Other current liabilities	4,679,010	1,412,328	905,174	187,143
	9,120,866	3,286,580	1,610,585	734,794

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
25 Current tax liabilities				
Per statement of financial				
At 1 January	2,175,137	1,522,835	1,380,996	711,585
Charge for the period	363,208	818,202	169,561	684,051
Tax paid	(716,578)	(165,900)	(377,161)	(14,640)
At 31 December	1,821,768	2,175,137	1,173,397	1,380,996

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.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

26 Share capital	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
The share capital comprises:				
(i) Authorised - 6,000,000,000 Ordinary shares of N0.5 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
(ii) Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

Share Premium

At 1 January	683,611	683,611	683,611	683,611
Arising during the period	-	-	-	-
Share issue expenses	-	-	-	-
At 31 December	<u>683,611</u>	<u>683,611</u>	<u>683,611</u>	<u>683,611</u>

United Capital Plc issued new shares at a price of 90kobo in 2014. Based on the nominal value of 50kobo per share this created a share premium balance. The share issue expenses was deducted from the share premium account.

27 Retained earnings	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
At 1 January	8,433,057	7,062,585	2,834,888	3,132,507
Transfer from profit or loss account	6,913,221	2,570,472	5,994,856	902,381
Dividend declared and paid during the period	<u>(2,100,000)</u>	<u>(1,200,000)</u>	<u>(2,100,000)</u>	<u>(1,200,000)</u>
At 31 December	<u>13,246,278</u>	<u>8,433,057</u>	<u>6,729,744</u>	<u>2,834,888</u>

28. Dividend from Subsidiaries

28.1 This represents dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group, made up as follows:

	Group		Company	
	December 2016 N'000	December 2015 N'000	December 2016 N'000	December 2015 N'000
Gross Dividend	-	-	3,444,444	2,166,667
Withholding tax	-	-	<u>(344,444)</u>	<u>(216,667)</u>
Net Dividend	<u>-</u>	<u>-</u>	<u>3,100,000</u>	<u>1,950,000</u>

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

28.2 Dividend receivable from
Subsidiaries

At 1 January	-	-	2,921,616	2,376,407
Arising during the year	-	-	3,100,000	1,950,000
Receipt during the year	-	-	(2,448,964)	(1,404,791)
At 31 December	-	-	<u>3,572,652</u>	<u>2,921,616</u>

29 Other Reserves

Fair Value Reserves	(2,691,957)	(1,696,117)	(43,875)	(57,853)
	<u>(2,691,957)</u>	<u>(1,696,117)</u>	<u>(43,875)</u>	<u>(57,853)</u>

30 Fair Value Reserves

At 1 January	(1,696,117)	(1,669,786)	(57,853)	(46,371)
Arising during the year	(995,840)	(26,331)	13,978	(11,482)
At 31 December	<u>(2,691,957)</u>	<u>(1,696,117)</u>	<u>(43,875)</u>	<u>(57,853)</u>

31 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.

31.1 Identity of related parties

	Relationship	%
United Capital Asset Management Limited	Subsidiary	100
United Capital Trustees Limited	Subsidiary	100
United Capital Securities Limited	Subsidiary	100
UBA Nominees Limited	Sub-subsidiary	100

31.2 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.

31.3 Remuneration of key personnel

Aggregate remuneration paid to key management staff during the year is as follows:

	Group		Company	
	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Salaries & wages	208,658	223,443	127,775	198,232
Defined contribution plans	3,965	4,972	3,412	4,015
	<u>212,623</u>	<u>228,415</u>	<u>131,187</u>	<u>202,247</u>

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

31.4 Other information on key management personnel

Emoluments:

Chairman	7,308	7,308	1,827	1,827
Other Directors	21,532	21,532	5,383	5,383

28,840	28,840	7,210	7,210
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Fees	5,500	5,500	1,375	1,375
Other Emoluments	23,340	23,340	5,835	5,835

28,840	28,840	7,210	7,210
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The total number of Directors were:	6	6	6	6
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- 31.5 The number of persons employed (excluding directors) in the company during the period was as follows:

-	112	-	15
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32 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%

33 Events after reporting period

There are no material issues after the reporting period.

STATEMENT OF VALUE ADDED

	Group				Company			
	2016		2015		2016		2015	
	N'000	%	N'000	%	N'000	%	N'000	%
Gross earnings	9,000,955		6,153,729		5,501,346		3,087,052	
Operating expenses - Local	(1,239,674)		(962,602)		(386,427)		(579,663)	
VALUE ADDED	7,761,281	100	5,191,127	100	5,114,919	100	2,507,389	100
Applied as follows:								
To pay employees:								
Salaries and other benefits	1,274,449	16	1,197,807	23	425,055	8	491,235	20
To pay Government:								
Taxes	363,208	6	693,191	13	169,561	4	586,009	23
Retained for future replacement of assets and expansion of business:								
- Depreciation	86,587	1	63,993	1	51,537	1	30,709	1
- Impairment loss	33,511	-	665,664	13	-	-	497,055	20
- Profit for the year	6,003,526	77	2,570,472	50	4,468,766	87	902,381	36
	7,761,281	100	5,191,127	100	5,114,919	100	2,507,389	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.

UNITED CAPITAL PLC

*Consolidated and Separate Financial Statements
For the period ended 31 December 2016*

Financial Summary - Group

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
ASSETS					
Cash and cash equivalents	21,454,680	72,736,383	31,795,597	29,203,619	2,134,561
Financial assets					
- Held for trading	-	-	-	173,137	426,561
- Loan and receivables	47,977,037	30,856,189	21,152,276	8,851,121	-
- Available for sale	44,945,935	10,548,229	9,035,439	10,573,206	-
- Held to maturity	41,127,445	23,163,229	27,525,589	26,724,634	317,127
- Investment in property	-	270,000	270,000	-	-
Investments in associates	-	2,266,396	1,928,952	1,809,382	875,285
Property and equipment	170,937	158,703	232,950	160,718	9,401
Intangible assets	22,661	31,069	33,603	28,399	4,517
Deferred tax assets	656,967	656,967	521,449	224,607	224,607
Trade and other receivables	4,337,297	3,418,928	2,791,601	1,728,241	205,690
Assets classified as held for sale	-	-	-	-	7,605,422
TOTAL ASSETS	160,692,959	144,106,093	95,287,456	79,477,064	11,803,171
LIABILITIES					
Bank Overdraft	-	2,973,552	-	-	-
Managed Funds	100,679,053	109,105,099	67,035,403	62,476,554	-
Other borrowed funds	34,833,121	16,144,955	14,479,289	5,325,524	897,020
Other liabilities	9,120,866	3,286,580	3,173,303	2,238,861	779,648
Current tax liabilities	1,821,768	2,175,137	1,522,835	1,054,634	219,586
Deferred tax liabilities	219	219	219	219	-
Liabilities associated to assets classified as held for sale	-	-	-	-	6,057,005
TOTAL LIABILITIES	146,455,027	133,685,542	86,211,049	71,095,792	7,953,259
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	2,000,000	2,000,000
Share premium	683,611	683,611	683,611		
Retained earnings	13,246,278	8,433,057	7,062,582	6,716,234	1,849,912
Other reserves	(2,691,957)	(1,696,117)	(1,669,786)	(334,962)	-
SHAREHOLDER'S FUND	14,237,932	10,420,551	9,076,407	8,381,272	3,849,912
TOTAL LIABILITIES AND EQUITY	160,692,959	144,106,093	95,287,456	79,477,064	11,803,171
CONTINGENT LIABILITIES	-	-	14,000,000	15,000,000	27,000,000

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Financial Summary - Company

	2016 N'000	2015 N'000	2014 N'000	2013 N'000	2012 N'000
ASSETS					
Cash and cash equivalents	3,453,691	1,289,919	453,597	1,543,308	33,478
Financial assets					
- Held for trading	-	-	-	-	37,212
- Loan and receivables	18,689,964	12,717,488	11,608,222	3,460,321	-
- Available for sale	16,803,664	42,186	53,668	111,080	-
- Held to maturity	4,084,306	1,714,746	1,314,698	-	317,127
Investments in subsidiaries	900,000	750,000	750,000	750,000	200,000
Investments in associates	-	1,650,000	1,650,000	1,650,000	750,000
Property and equipment	105,257	99,945	142,284	67,696	6,579
Intangible assets	22,661	31,069	33,603	28,399	301
Trade and other receivables	620,023	729,623	1,543,403	785,482	180,067
Dividend receivable from subsidiaries	3,572,652	2,921,616	2,376,407	2,894,974	-
Deferred tax	334,367	334,367	236,325	-	-
TOTAL ASSETS	48,586,585	22,280,959	20,162,207	11,291,260	1,524,764
LIABILITIES					
Other borrowed funds	35,433,121	13,704,523	12,397,952	5,325,524	897,020
Other liabilities	1,610,585	734,794	282,924	168,060	24,970
Current tax liabilities	1,173,397	1,380,996	711,585	479,830	11,686
Deferred tax liabilities	-	-	-	-	-
TOTAL LIABILITIES	38,217,103	15,820,313	13,392,461	5,973,414	933,676
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	2,000,000	2,000,000
Share premium	683,611	683,611	683,611	-	-
Retained earnings	6,729,746	2,834,888	3,132,506	3,306,806	(1,408,912)
Other reserves	(43,875)	(57,853)	(46,371)	11,041	-
SHAREHOLDER'S FUND	10,369,482	6,460,646	6,769,746	5,317,847	591,088
TOTAL LIABILITIES AND EQUITY	48,586,585	22,280,959	20,162,207	11,291,260	1,524,764
CONTINGENT LIABILITIES	-	-	14,000,000	15,000,000	27,000,000

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Financial Summary - Group

	2016 =N=' 000	2015 =N=' 000	2014 =N=' 000	2013 =N=' 000	2012 =N=' 000
Gross earnings	9,000,955	6,153,729	4,676,602	4,573,241	1,342,055
Gross operating expenses	(2,634,221)	(3,238,016)	(2,494,227)	(2,103,418)	(626,747)
Share of profit/(loss) of equity accounted investee	-	347,950	127,504	164,091	128,865
Profit before income tax	6,366,734	3,263,663	2,309,879	2,633,914	844,173
Income tax expense	(363,208)	(693,191)	(463,531)	(870,903)	12,164
Profit for the year from continuing operations	6,003,526	2,570,472	1,846,348	1,763,011	856,337
Profit for the year from discontinued operations	-	-	-	-	561,652
Gain from the sale of investment in associate company	909,695	-	-	-	-
Other comprehensive income for the period	(995,840)	(26,331)	(1,334,824)	131,126	(97)
Total comprehensive income for the period	5,917,381	2,544,141	511,524	1,894,137	1,417,892
Earnings per share-basic (kobo)	115	43	41	44	21

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Financial Summary - Company

	2016	2015	2014	2013	2012
	=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Gross earnings	5,501,346	3,087,052	2,236,593	4,358,092	400,086
Gross operating expenses	(863,019)	(1,598,662)	(772,577)	(622,695)	(348,817)
Profit before income tax	4,638,327	1,488,390	1,464,016	3,735,397	51,269
Income tax expense	(169,561)	(586,009)	(138,315)	(469,682)	40,411
Profit for the year from continuing operations	4,468,766	902,381	1,325,701	3,265,715	91,680
Gain from the sale of investment in associate company	1,526,090	-	-	-	-
Other comprehensive income for the period	13,978	(11,483)	(57,412)	11,041	(97)
Total comprehensive income for the period	6,008,834	890,898	1,268,289	3,276,756	91,583
Earnings per share-basic (kobo)	100	15	29	82	2