United Capital

Un-audited result for Third Quarter ended 30 September 2016

United Capital Plc

CORPORATE INFORMATION

DIRECTORS:

Chika Mordi	-	Chairman
Oluwatoyin Sanni	-	Group Chief Executive Officer
Yoro Mohamed Diallo	-	Non Executive Director
Adim Jibunoh	-	Non Executive Director
Ambassador J.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 Limited
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
235 Ikorodu Road
Ilupeju
Lagos, Nigeria

United Capital Plc

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2016

	Notes	Group September 2016 =N=' 000	Group September 2015 =N=' 000	Company September 2016 =N=' 000	Company September 2015 =N=' 000
Gross Earnings		**5,689,419**	**4,088,429**	**1,237,427**	**678,937**
Investment income	3	2,612,223	491,515	234,697	155,534
Fee and commission income	4	1,428,724	1,088,667	889,888	513,505
Net trading income		14,558	(25,649)	-	-
Net interest margin	5	1,076,675	2,167,858	-	-
Net operating income		**5,132,180**	**3,722,392**	**1,124,585**	**669,039**
Other income	6	559,090	342,582	112,842	9,897
Net gains/(losses) from financial assets held for trading	7	(1,850)	23,455	-	-
Total Revenue		**5,689,419**	**4,088,429**	**1,237,427**	**678,937**
Personnel expenses	9	(501,186)	(536,574)	(207,906)	(206,776)
Other operating expenses	10	(1,162,968)	(1,173,613)	(379,868)	(282,367)
Depreciation and amortisation	17/18	(62,481)	(63,978)	(38,283)	(33,592)
Total Expenses		**(1,726,635)**	**(1,774,165)**	**(626,056)**	**(522,735)**
Share of profit of equity accounted investee	15	-	83,133	-	
Profit before income tax		**3,962,784**	**2,397,398**	**611,371**	**156,202**
Income tax expense	11	(792,557)	(487,041)	(122,274)	(31,240)
Profit for the period from continuing operations		**3,170,227**	**1,910,357**	**489,097**	**124,962**
Extraordinary operations					
Gain from the sale of investment in associate company	15	1,526,090	-	1,526,090	-
PROFIT FOR THE PERIOD		**4,696,317**	**1,910,357**	**2,015,187**	**124,962**
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 gain/(loss) on available for sale securities	30.1	(50,763)	(39,886)	12,106	(1,123)
Other comprehensive income for the period, net of taxes		**(50,763)**	**(39,886)**	**12,106**	**(1,123)**
Total comprehensive income for the period		**4,645,554**	**1,870,471**	**2,027,293**	**123,839**
Profit for the year attributable to:					
Equity holders of the Company		**4,696,317**	**1,910,357**	**2,015,187**	**124,962**
Total comprehensive income attributable to:					
Equity holders of the Company		**4,645,554**	**1,870,471**	**2,027,293**	**123,839**
Earnings per share-basic (kobo)	12	78	32	8	2

United Capital Plc

Consolidated & Separate Statement of Financial Position
For the period ended 30 September 2016

	Notes	Group		Company	
		September 2016 =N=' 000	December 2015 =N=' 000	September 2016 =N=' 000	December 2015 =N=' 000
ASSETS					
Cash and cash equivalents	13	59,784,725	72,736,383	5,927,343	1,289,919
Financial assets:					
- Held for trading	14.2	2,944	-	-	-
- Loan and receivables	14.1	76,564,120	30,856,189	37,421,038	12,717,488
- Available for sale	14.3	10,422,703	10,548,229	54,292	42,186
- Held to maturity	14.4	34,971,468	23,163,229	1,714,746	1,714,746
- Investment in property	14.5	-	270,000	-	-
Investment in associates	15	-	2,266,396	-	1,650,000
Investments in subsidiaries	16	-	-	750,000	750,000
Property, plant and equipment	17	168,114	158,703	100,737	99,945
Intangible assets	18	24,796	31,069	24,796	31,069
Trade and other receivables	19	9,090,832	3,418,928	1,027,922	729,623
Dividend receivable from subsidiaries	29.2	-	-	472,652	2,921,616
Deferred tax assets	20	656,967	656,967	334,367	334,367
TOTAL ASSETS		**191,686,670**	**144,106,093**	**47,827,893**	**22,280,960**
LIABILITIES					
Bank Over draft	21	-	2,973,552	-	-
Managed funds	22	128,625,623	109,105,099	-	-
Other borrowed funds	23	37,351,938	16,144,955	37,351,938	13,704,523
Other liabilities	24	10,712,623	3,286,581	2,603,927	734,795
Current tax liabilities	25	2,646,557	2,175,137	1,484,090	1,380,996
Deferred tax liabilities	20	219	219	-	-
TOTAL LIABILITIES		**179,336,960**	**133,685,542**	**41,439,953**	**15,820,314**
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	28	10,412,979	8,433,057	2,750,077	2,834,888
Other reserves	30	(1,746,880)	(1,696,117)	(45,747)	(57,853)
TOTAL SHAREHOLDERS FUND		**12,349,710**	**10,420,551**	**6,387,941**	**6,460,646**
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		**191,686,670**	**144,106,093**	**47,827,893**	**22,280,960**

United Capital Plc

Consolidated Statement of Changes in Equity
For the period ended 30 September 2016

(a)

Group

	Share Capital	Retained Earnings	Share Premium	Other Reserves	Total
	=N=' 000	**=N=' 000**	**=N=' 000**	**=N=' 000**	**=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	-	4,696,317	-	-	4,696,317
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserves	-	-	-	(50,763)	(50,763)
Disposal of investments in associate	-	(616,396)	-	-	(616,396)
Balance at 30 September 2016	**3,000,000**	**10,412,979**	**683,611**	**(1,746,880)**	**12,349,710**

Company

	Share Capital	Retained Earnings	Share Premium	Other Reserves	Total
Balance at 1 January 2016	3,000,000	2,834,888	683,611	(57,853)	6,460,646
Transfer from profit or loss account	-	2,015,187	-	-	2,015,187
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserve	-	-	-	12,106	12,106
Balance at 30 September 2016	**3,000,000**	**2,750,075**	**683,611**	**(45,747)**	**6,387,941**

(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 2015	**3,000,000**	**8,433,057**	**683,611**	**(1,696,117)**	**10,420,551**

Company

	Share Capital	Retained earnings	Share Premium	Other Reserves	Total
Balance 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)
Balance at 31 December 2015	**3,000,000**	**2,834,889**	**683,611**	**(57,854)**	**6,460,646**

United Capital Plc

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2016

		Group		Company	
		September 2016	December 2015	September 2016	December 2015
	Note	=N=' 000	=N=' 000	N'000	N'000
Cash flows from operating activities					
Interest & investment income	3	2,612,223	3,072,587	234,697	259,336
Fees & commission income	4	1,428,724	1,612,807	889,888	831,942
Net trading income		14,558	-	-	-
Net interest margin	5	1,076,675	810,862	-	-
Other income	6	559,090	657,474	112,842	45,774
Gain from sale of investment in associate		1,526,090	-	1,526,090	-
Cash paid to employees	9	(501,186)	(991,956)	(207,906)	(463,358)
Other operating cash		24,835,772	42,447,556	1,186,722	190,235
Tax paid	25	(321,137)	(165,900)	(19,180)	(14,640)
Net cash used in/(provided by) operating activities		31,230,810	47,443,430	3,723,153	849,289
Cash flows from investing activities					
Purchase of property and equipments	17	(58,752)	(28,914)	(26,996)	(4,530)
Purchase of intangible assets	18	(1,563)	(6,901)	(1,563)	(6,901)
Investments in financial assets:					
Held for trading		(4,529)	-		
Available for sale		74,763	(1,539,122)	-	-
Loans and receivables		(45,707,931)	(9,703,911)	(17,114,775)	(1,109,267)
Held to Maturity		(11,808,239)	4,364,553	-	(400,048)
Investment in associate company		1,650,000	-	1,650,000	-
Investment property		270,000	-	-	-
Net cash provided by/(used in) investing activities		**(55,586,251)**	**(6,914,295)**	**(15,493,334)**	**(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	18,474,450	4,302,988	17,874,450	1,302,988
Loan repayment	23	(4,970,667)	(2,691,337)	(1,815,810)	-
Net cash provided by financing activities		**11,403,783**	**411,651**	**16,407,604**	**1,507,779**
Net increase/(decrease) in cash and cash equivalents		(12,951,658)	40,940,786	4,637,424	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	59,784,725	72,736,383	5,927,342	1,289,919

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.

1.0 Application of new and revised International Financial Reporting Standards (IFRSs)

1.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended 31 December 2014

In the current year, the Group has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014

1.2 Early adoption of Standards and Interpretations

The Company has not early adopted any standards or interpretations during the current year

1.3 Standards and Interpretations effective in the current year

The following new and revised Standards and interpretations effective from January 1 2014 have been adopted in the current year and have primarily affected the disclosure in these financial statements

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
IFRIC 21 Levies

Amendments to IFRS 10, IFRS 12 and 1AS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12, IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the defination of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:
Obtain funds from one or more investors for the purpose of providing them with investment management services;

commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for Investment entities.

As the Company is not an Investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

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 oeprations. The management believes that the going concern assumption is approprate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operation of the group.

2.2 Basis of preparation

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).

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.

(b) ***Associates (continued)***

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

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

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

In the seperate 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.

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 or loss.

2.6 Income taxation (continued)

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

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

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

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

2.7 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 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.

2.7.1 *Financial assets continued*

(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:

(i) 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

(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'.

2.7.1 *Financial assets continued*

(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 liabilites are derecognised when extinguished.

(a) *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.

2.7.2 Financial liabilities (continued)

Those financial instruments are recognised in the statement of financial position as 'Financial liabilites 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 Determiination 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.

2.7.5 Determination of fair value (continued)

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. 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 adjustmentsare 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.

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.

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.

2.11 Impairment of financial assets (continued)

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 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

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.

(b) Impairment of tangible and intangible assets excluding goodwill

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

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

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 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".

UNITED CAPITAL PLC

PERIOD ENDED 30 SEPTEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N=' 000	**=N=' 000**	**=N=' 000**	**=N=' 000**
3 Investment income				
Fixed deposits	688,237	458,175	234,697	155,534
Investments securities	1,923,986	33,340	-	-
	2,612,223	**491,515**	**234,697**	**155,534**
4 Fees and commssion income				
Financial advisory fees	889,888	513,505	889,888	513,505
Other fees and charges	538,836	575,163	-	-
	1,428,724	**1,088,667**	**889,888**	**513,505**

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	=N=' 000	**=N=' 000**	**=N=' 000**	**=N=' 000**
5 Net interest margin				
Interest income on managed funds	7,258,927	4,685,668	-	-
Interest expense on managed funds	(6,182,252)	(2,517,810)	-	-
	1,076,675	**2,167,858**	**-**	**-**

UNITED CAPITAL PLC

PERIOD ENDED 30 SEPTEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
		2016	2015	2016	2015
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
6	**Other income**				
	Dividend on equity investment	319,401	299,828	6,740	1,123
	Other interest income	186	-	-	-
	Other income	239,503	42,753	106,102	8,774
		559,090	**342,582**	**112,842**	**9,897**
7	**Net gains/(losses) from financial assets held for trading**				
	Net (loss) on equity securities	(1,850)	23,455	-	-

This relates to fair value changes on trading portfolio

8 Dividend income from subsidiaries

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

		2016	2015	2016	2015
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
9	**Personnel expenses**				
	Staff cost	491,267	525,955	203,496	202,390
	Contributions to defined contribution plans	9,919	10,619	4,410	4,386
		501,186	**536,574**	**207,906**	**206,776**
10	**Other operating expenses**				
	Other premises and equipment costs	2,454	1,464	1,205	-
	Auditors remuneration	24,919	25,430	7,500	7,667
	Professional fees	7,175	16,669	1,228	1,335
	Interest on long term debt	-	3,582	-	3,582
	General administrative expenses	1,128,420	1,126,467	369,935	269,783
		1,162,968	**1,173,613**	**379,868**	**282,367**
	Income tax expense				
11	**Recognised in the profit or loss**				
	Income tax	673,673	400,810	103,933	26,554
	Education tax	79,256	46,957	12,227	3,124
	Information technology tax	39,628	23,478	6,114	1,562
	Share of associated company tax	-	15,795	-	-
		792,557	**487,041**	**122,274**	**31,240**

		Group		Company	
		September 2016	December 2015	September 2016	December 2015
12	**Earnings per share**				
	Basic earnings per share				
	Basic earnings attributable to shareholders (N'000)	4,696,317	1,910,357	489,097	124,962
	Number of ordinary shares in issue ('000)	6,000,000	6,000,000	6,000,000	6,000,000
	Basic earnings per share (kobo)	**78**	**32**	**8**	**2**

		Group		Company	
		September 2016 =N=' 000	December 2015 =N=' 000	September 2016 =N=' 000	December 2015 =N=' 000
13	**Cash and cash equivalents**				
	Cash and balances with banks	773,126	2,503,866	73,102	561,199
	Money market placements	59,011,599	70,232,775	5,854,240	728,720
	Allowance for doubtful balances	-		-	-
		59,784,725	**72,736,641**	**5,927,343**	**1,289,919**
	Allowance for impairment	-	**(258)**	**-**	**-**
		59,784,725	**72,736,383**	**5,927,343**	**1,289,919**

"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	
		September 2016 =N=' 000	December 2015 =N=' 000	September 2016 =N=' 000	December 2015 =N=' 000
14	**Financial Assets**				
14.1	**Loan and receivables**				
	Bonds	36,976,799	16,446,989	-	-
	Commercial paper	30,630,750	8,392,911	30,630,750	8,392,912
	Loans to customer (note 14.1.1)	8,956,571	6,016,289	6,790,287	4,324,576
		76,564,120	**30,856,189**	**37,421,038**	**12,717,488**

14.1.1 This represents a loan facility indexed to LIBOR for a period of 24months. 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	
14.2	**Financial Assets - Held for Trading**				
	Quoted equities (cost)	4,529	-	-	-
	Less: fair value change in assets (Note 14.2.1)	(1,585)	-	-	-
		2,944	**-**	**-**	**-**
14.2.1	**Fair value change**				
	Balance, beginning of period	-	-	-	-
	Fair value movement for the period	(1,585)	-	-	-
	Balance, end of period	**(1,585)**	**-**	**-**	**-**

These financial assets designated as held for trading represent quoted equity securities which are fair valued through the profit or loss and have been acquired principally for the purpose of selling or repurchasing in the near term

		Group		Company	
		September 2016 =N=' 000	December 2015 =N=' 000	September 2016 =N=' 000	December 2015 =N=' 000
14.3	**Financial Assets - Available for Sale**				
	Treasury bills	4,257,810	1,396,723	-	-
	Bonds	1,832,657	4,789,762	-	-
	Equity- Quoted	2,183,545	2,183,671	100,039	100,039
	Equity- Unquoted	2,033,744	2,033,744	-	-
	Collective Investment Scheme	1,861,827	1,840,446	-	-
		12,169,583	12,244,346	100,039	100,039
	Less: Fair value change (Note 30.1)	(1,746,880)	(1,696,117)	(45,747)	(57,853)
		10,422,703	**10,548,229**	**54,292**	**42,186**
14.4	**Financial Assets - Held to Maturity**				
	Fixed deposit	-	112,305		
	Treasury Bills	18,020,035	3,241,064	-	-
	Federal Government Bonds	794,558	802,571	-	-
	State Government Bonds	8,357,792	11,650,981	-	-
	Corporate Bonds	7,799,082	7,356,307	1,714,746	1,714,746
		34,971,468	**23,163,229**	**1,714,746**	**1,714,746**
14.5	**Financial Assets - Investment in Property**				
	Real Estate	-	270,000	-	-
15	**Investment in associate**				
	Cost of investment on acquisition (UBA Metropolitan Life)	2,266,396	1,928,952	1,650,000	1,650,000
	Acceptance of shares in UBA Metropolitan Life from UBA Plc	-	-		
	transfer to reserves	(616,396)			
	Share of profit before tax	-	347,950		-
	Share of tax	-	(10,506)		-
	Disposal of investment	(1,650,000)		(1,650,000)	
	Balance, end of period	**-**	**2,266,396**	**-**	**1,650,000**

During the period, the company sold her 50% stake in UBA Metropolitan Life Limited. The sale resulted in an extraordinary income of N1.526billion.

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%	150,000	Nigeria
				750,000	

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.

PERIOD ENDED 30 SEPTEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

17 Property, plant and equipment

(i) Group

	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost				
Balance at 1 January 2016	64,484	234,383	106,034	404,901
Additions	595	45,905	12,252	58,752
Disposals	-	6,171	-	6,171
Ajustment	-	-	-	-
Balance at 30 September 2016	65,079	286,459	118,286	469,824
Depreciation and impairment losses				
Balance at 1 January 2016	37,846	139,968	68,385	246,199
Additions	6,235	38,426	9,986	54,647
Disposals	-	864	-	864
Adjustment	-	-	-	-
Balance at 30 September 2016	44,081	179,258	78,371	301,710
Carrying amounts				
Balance at 30 September 2016	**20,998**	**107,201**	**39,915**	**168,114**
Balance at 31 December 2015	**26,638**	**94,415**	**37,649**	**158,702**

(ii) Company

	Furniture & Equipment	Motor vehicles	Computer Equipment	Total
Cost				
Balance at 1 January 2016	35,522	77,555	54,032	167,108
Additions	436	22,905	3,655	26,996
Disposals	-	8,490	-	8,490
Ajustment	-	-	-	-
Balance at 30 September 2016	35,958	108,949	57,687	202,594
Depreciation and impairment losses				
Balance at 1 January 2016	13,021	35,055	19,087	67,163
Additions	5,356	16,835	8,257	30,448
Disposals		4,245		4,245
Adjustment				
Balance at 30 September 2016	18,377	56,135	27,345	101,856
Carrying amounts				
Balance at 30 September 2016	**17,581**	**52,814**	**30,342**	**100,737**
Balance at 31 December 2015	**22,501**	**42,500**	**34,944**	**99,945**

18	**Intangible assets** **Purchased software**	**Group** **=N=' 000**	**Company** **=N=' 000**
	Cost		
	Balance at 1 January 2016	50,916	50,916
	Addition	1,563	1,563
	Disposal	-	-
	Balance at 30 September 2016	52,479	52,479
	Amortization and impairment losses		
	Balance at 1 January 2016	19,849	19,849
	Amortisation for the year	7,834	7,834
	Disposal	-	-
	Balance at 30 September 2016	27,683	27,683
	Carrying amounts		
	Balance at 30 September 2016	**24,796**	**24,796**
	Balance at 31 December 2015	**31,067**	**31,067**

UNITED CAPITAL PLC

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NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
		September 2016 =N= '000	**December 2015 =N= '000**	**September 2016 =N= '000**	**December 2015 =N= '000**
19	**Trade receivables & Prepayments**				
	Trade debtors	3,999,489	724,996	41,535	48,524
	Interest receivable	3,559,734	1,171,117	99,073	50,435
	Prepayments	515,424	454,169	142,598	49,808
	Accrued income	809,776	658,445	754,203	658,445
	Other receivables	552,513	816,410	22,094	75,940
	WHT Receivable	502,354	535,954	502,354	492,136
	Others assets	46,402	81,936	-	-
		9,985,690	**4,443,027**	**1,561,857**	**1,375,288**
	Impairment on Trade Receivables (note 19.1)	(894,858)	(1,024,099)	(533,934)	(645,665)
		9,090,832	**3,418,928**	**1,027,922**	**729,623**
19.1	**Impairment on trade receivables**				
	At 1 January	1,024,099	750,940	645,665	167,965
	Provision no longer required	-	(392,505)	-	(19,356)
	(Release)/arising during the period	(129,242)	665,664	(111,730)	497,055
	Write off	-	-	-	-
		894,858	**1,024,099**	**533,934**	**645,665**
19.2	**Allowance for impairment**				
	Impairment loss on trade receivables	-	665,664	-	497,055
	Impairment loss on doubtful cash	-	-	-	-
		-	**665,664**	**-**	**497,055**
20	**Deferred tax - (Asset)**				
	Deferred tax assets:				
	– Deferred tax asset to be recovered after more than 12 months	656,967	656,967	334,367	334,367
					-
		656,967	656,967	334,367	334,367
	Deferred tax liabilities:				
	– Deferred tax liability to be recovered after more than 12 months	219	219	-	-
	– Deferred tax liability to be recovered within 12 months	-	-	-	-
	Total	219	219	-	-
21	**Bank Overdraft**	**-**	**2,973,552**	-	-

UNITED CAPITAL PLC

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NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
		September 2016 =N= '000	December 2015 =N= '000	September 2016 =N= '000	December 2015 =N= '000
22	**Managed Funds**				
	Fixed income notes	76,716,708	58,404,666	-	-
	Trust funds	2,768,710	1,566,202	-	-
	Sinking Funds	48,463,724	48,848,065	-	-
	Payable on trust accounts	676,481	286,166	-	-
		128,625,623	**109,105,099**	**-**	**-**

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 bondholders obligations as they become due

		Group		Company	
		September 2016 =N= '000	December 2015 =N= '000	September 2016 =N= '000	December 2015 =N= '000
23	**Other borrowed funds**				
	Balance as at 1 January	16,144,955	14,479,289	13,704,523	12,397,952
	Loan from commercial bank (note 23.1)	18,474,450	4,302,988	17,874,450	1,302,989
	Interest charge during the period	114,426	54,015	-	3,582
	Revaluation	7,588,774	-	7,588,774	-
	Repayment during the period	(4,970,667)	(2,691,337)	(1,815,810)	-
		37,351,938	**16,144,955**	**37,351,938**	**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 collaterized by negative pledge.

		Group		Company	
		September 2016 =N= '000	December 2015 =N= '000	September 2016 =N= '000	December 2015 =N= '000
24	**Other liabilities**				
	Creditors and accruals	2,720,716	1,271,779	629,237	547,651
	Customers deposit	595,197	602,475	-	-
	Other current liabilities	7,396,710	1,412,328	1,974,690	187,144
		10,712,623	**3,286,581**	**2,603,927**	**734,795**
25	**Current tax liabilities**				
	Per statement of financial position:				
	At 1 January	2,175,137	1,522,835	1,380,996	711,585
	Charge for the period	792,557	818,202	122,274	684,051
	Tax paid	(321,137)	(165,900)	(19,180)	(14,640)
	At 30 September	**2,646,557**	**2,175,137**	**1,484,090**	**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 .

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

27	**Share Premium**				
	At 1 January	683,611	683,611	683,611	683,611
	Arising during the period	-	-	-	-
	Share issue expenses	-	-	-	-
	At 30 September	**683,611**	**683,611**	**683,611**	**683,611**

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.

		Group		Company	
		September 2016 =N= '000	**December 2015 =N= '000**	**September 2016 =N= '000**	**December 2015 =N= '000**
28	**Retained earnings**				
	At 1 January	8,433,057	7,062,585	2,834,888	3,132,507
	Transfer from profit or loss account	4,696,317	2,570,472	2,015,187	902,381
	Disposal of investments in associate	(616,396)	-	-	-
	Dividend paid during the period	(2,100,000)	(1,200,000)	(2,100,000)	(1,200,000)
	At 30 September	**10,412,979**	**8,433,057**	**2,750,075**	**2,834,888**

29 **Dividend from Subsidiaries**

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

		Group		Group	
		September 2016 =N= '000	**December 2015 =N= '000**	**September 2016 =N= '000**	**December 2015 =N= '000**
	Gross Dividend	-	-	2,166,667	2,166,667
	Withholding tax	-	-	(216,667)	(216,667)
	Net Dividend	**-**	**-**	**1,950,000**	**1,950,000**
29.2	**Dividend receivable from Subsidiaries**				
	At 1 January	-	-	2,921,616	2,376,407
	Arising during the period	-	-	-	1,950,000
	Receipt during the period	-	-	(2,448,964)	(1,404,791)
	At 30 September	**-**	**-**	**472,652**	**2,921,616**
30	**Other Reseves**				
	Fair Value Reserves	(1,746,880)	(1,696,117)	(45,747)	(57,853)
		(1,746,880)	(1,696,117)	(45,747)	(57,853)
30.1	**Fair Value Reserves**				
	At 1 January	(1,696,117)	(1,669,786)	(57,853)	(46,371)
	Arising during the period	(50,763)	(26,331)	12,106	(11,482)
		(1,746,880)	**(1,696,117)**	**(45,747)**	**(57,853)**

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

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.

34 Current year classifications of Statement of Comprehensive Income

Certain comparative figures have been reclassified according to the current year's presentation for a more meaningful comparison