



**ARVE LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
31 DECEMBER 2021**

## **ARVE LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **ARVE LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE**

<b>DIRECTORS:</b>	Fabiano Di Tomaso	(Swiss)
	Olayinka Olajuwon	(Nigerian)
	Benjamin Benaim	(Swiss)
	Luis Rodrigues	(Portuguese)

<b>REGISTERED OFFICE:</b>	23 Agodogba Avenue, Parkview Estate, Ikoyi, Lagos Nigeria.
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<b>AUDITOR:</b>	Mazars 18, Oba Akran Avenue, Ikeja, Lagos. +234(0) 818 0168 888
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<b>SECRETARY:</b>	Olayinka Olajuwon & Co 5th Floor, Kajola House 62/64 Campbell Street, Lagos Nigeria.
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<b>BANKERS:</b>	Guaranty Trust Bank Plc Zenith Bank Plc Providus Bank Limited Access Bank Plc
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<b>COMPANY REGISTRATION NO.:</b>	RC 1397799
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## ARVE LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### SUMMARY OF PERFORMANCE

	2021 N'000	2020 N'000	Change %
Interest income	2,717,785	1,319,005	106.05
Profit before taxation	43,706	232,561	(78.92)
Profit after taxation	33,496	179,205	(81.31)
Retained earnings	137,227	103,731	47.25
Share capital	10,000	1,000	900
Net asset attributable to owners of the company	379,700	346,204	14.16

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Number of employees	86	59
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## ARVE LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### REPORT OF THE DIRECTORS

**1. FINANCIAL STATEMENTS**

The Directors present their annual report of the Company, together with the financial statements as at 31 December 2021.

**2. PRINCIPAL BUSINESS ACTIVITY:**

The Company is principally involved in the delivery of financial services to individuals and small businesses using an online lending application.

**3. DIRECTORS AND THEIR INTEREST:**

The Directors who served during the year were as follows:

Fabiano Di Tomaso  
Olayinka Olajuwon  
Benjamin Benaim  
Luis Rodrigues

The Directors interest in shares of the Company has been disclosed in the shareholding structure as required under Section 301 of the Companies and Allied Matters Act, 2020.

In accordance with Section 303 of the Companies and Allied Matters Act, 2020, none of the Directors has notified the Company of any declarable interest in contracts with the Company.

**4. SHAREHOLDING STRUCTURE**

The shareholding structure of the Company is as follows:

	2021		2020	
	N	%	N	%
Tiple SA	8,660,070	86.60	850,210	85.02
Seedstars Capital Nigeria Limited	594,490	5.94	66,458	6.65
Lean Six Sigma T Transformation Company Limited	298,180	2.98	33,333	3.33
Bimbi Fiki Okeniyi	298,180	2.98	33,333	3.33
Olayinka Olajuwon	149,080	1.49	16,666	1.67
	10,000,000	100.00	1,000,000	100.00

**5. SUBSEQUENT EVENTS**

There were no events after the reporting period that could have had a material effect on the affairs of the Company as at 31 December 2021 and on the profit for the year ended on that date which have not been taken into account in these financial statements. As at the date of approving these annual financial statements, management have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021.

**6. DONATIONS:**

No donation was made to any organizations or political party during the year.

**7. AUDITOR**

In accordance with Section 401(1) of the Companies and Allied Matters Act 2020, Mazars Ojike & Partners having indicated their willingness, will continue in office as Auditor.

**BY ORDER OF THE BOARD**

*Olayinka Olajuwon*

Olayinka Olajuwon  
For: Company Secretary  
27 June 2022

## **ARVE LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS**

The Directors of Arve Limited are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2021 and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2020, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

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

The Directors are also responsible for:

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

The financial statements of the Company as at 31 December 2021 were approved by management on 27th June, 2022.

**On behalf of the Directors of the Company**



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**Fabiano Di Tomaso**  
Director



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**Luis Rodriguez**  
Director

## **ARVE LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **STATEMENT OF CORPORATE RESPONSIBILITY**

In accordance with the provisions of Section 405 Companies and Allied Matters Act 2020, we have reviewed the financial statement of the bank for the year ended 31 December 2021 and based on our knowledge certify:

1. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made;
2. the audited financial statement and all other financial information included in the statement fairly present, in all material respects, the financial condition and results of the operation of the bank as of and for, the year ended 31 December 2021;
3. the bank's internal controls have been designed to ensure that material information relating to the bank is made known to us by other officers of the companies, particularly for the reporting year;
4. the bank's internal controls were evaluated within 90 days prior to the audited financial statement date and are effective as of 31 December 2021;
5. that we have disclosed to the bank's auditors and board of directors:
  - i. all significant deficiencies in the design or operation of internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and has identified for the bank's auditors any material weaknesses in internal controls and;
  - ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the bank's internal control; and
6. that we have indicated where there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.



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**Fabiano Di Tomaso**

**Director**



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**Sogo Omopariola**

**Finance Manager**

***Independent auditor's report***  
**To the Members of Arve Limited**

***Report on the audit of the financial statements***

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***Our Opinion***

In our opinion, **Arve Limited's** ("the Company") financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

**What we have audited**

Arve Limited's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies other explanatory information.

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

**Independence**

We are independent of the company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)*. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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***Other information***

The directors are responsible for the other information. The other information comprises *the Directors Report, Statement of Director's Responsibilities, Statement of Corporate Responsibilities, Statement of Value Added, and Financial Summary* (but does not include the financial statements and our auditor's report thereon).



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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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.

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### *Responsibilities of the Directors and those charged with governance for the financial statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in a manner required by the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

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### *Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the 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 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 related to events or conditions that may cast significant doubt on the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

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#### *Report on other legal and regulatory requirements*

The Companies and Allied Matters Act requires that in carrying out our audit, we consider and report to you on the following matters. We confirm that:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) The company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) The company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

**Uhabia Ojike FCA**  
**FRC/2013/ICAN/00000004748**  
**For: Mazars Ojike & Partners**  
**Lagos, Nigeria**  
**8 July 2022**



# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## STATEMENT OF PROFIT OR LOSS

	Note	31/12/2021 N'000	31/12/2020 N'000
Interest income	6	2,717,785	1,319,005
Direct costs	7	(1,253,488)	(673,429)
<b>Net interest income</b>		<b>1,464,296</b>	<b>645,575</b>
Impairment (loss)/write back on financial instruments	8	(298,104)	8,846
<b>Net interest income after impairment charges</b>		<b>1,166,192</b>	<b>654,421</b>
Administrative expenses	9	(891,405)	(326,739)
<b>Operating profit</b>		<b>274,788</b>	<b>327,683</b>
Other income	10	78,092	15,386
Other losses	11	(111,374)	(27,493)
Finance costs	12	(197,800)	(83,014)
<b>Profit before taxation</b>		<b>43,706</b>	<b>232,561</b>
Taxation	13	(10,210)	(53,356)
<b>Profit for the year</b>		<b>33,496</b>	<b>179,205</b>

There is no other comprehensive income for the year, hence the profit for the year is equal to the total comprehensive income.

The notes on pages 14 to 38 and other national disclosure on page 39 and 40 form an integral part of these financial statements.

**ARVE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2021**

**STATEMENT OF FINANCIAL POSITION**

	Note	31/12/2021 N'000	31/12/2020 N'000
<b>Assets:</b>			
Cash and cash equivalents	15	337,746	317,332
Loans and advances	17	1,196,370	647,692
Account receivables	18	529,541	109,122
Other assets	19	198,386	2,273
Property, plant and equipment	20	89,243	1,878
<b>Total assets</b>		<b>2,351,286</b>	<b>1,078,297</b>
<b>Liabilities:</b>			
Account and other payables	21	283,983	176,638
Other liabilities	22	-	18,433
Current tax liabilities	13.2	63,566	53,559
Long term borrowing	23	1,624,036	483,463
<b>Total liabilities</b>		<b>1,971,586</b>	<b>732,093</b>
<b>Equity</b>			
<b>Capital and Reserves</b>			
Share capital	24	10,000	1,000
Capital contribution	25	232,473	241,473
Retained earnings	26	137,227	103,731
<b>Total equity</b>		<b>379,700</b>	<b>346,204</b>
<b>Total equity and liabilities</b>		<b>2,351,286</b>	<b>1,078,297</b>

The financial statements on pages were approved for issue by the Board of Directors on and signed on its behalf by:



**Fabiano Di Tomaso**  
Director



**Luis Rodriguez**  
Director

The notes on pages 14 to 38 and other national disclosure on page 39 and 40 form an integral part of these financial statements.

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**
**STATEMENT OF CHANGES IN EQUITY**

	Share capital N'000	Capital contribution N'000	Retained earnings N'000	Total N'000
<b>Balance at 1 Jan 2020</b>	1,000	241,140	(75,474)	166,666
Profit for the period	-	-	179,205	179,205
Increase in capital contribution	-	333	-	333
<b>Balance at 31 December 2020</b>	<b>1,000</b>	<b>241,473</b>	<b>103,731</b>	<b>346,204</b>
Profit for the period	-	-	33,496	33,496
Increase in share capital	9,000	-	-	9,000
Decrease in capital contribution	-	(9,000)	-	(9,000)
<b>Balance at 31 December 2021</b>	<b>10,000</b>	<b>232,473</b>	<b>137,227</b>	<b>379,700</b>

# ARVE LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### STATEMENT OF CASH FLOWS

	Note	31/12/2021 N'000	31/12/2020 N'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,630,667	1,153,426
Cash paid to suppliers		<u>(2,473,666)</u>	<u>(1,094,599)</u>
Cash used in operations		(842,999)	58,826
Income tax paid	13.2	<u>(203)</u>	<u>-</u>
<b>Net cash used in operating activities</b>	29	<u><b>(843,202)</b></u>	<u><b>58,826</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	19	(88,158)	-
Disposal of treasury bill	15	<u>-</u>	<u>4,436</u>
<b>Net cash used in investing activities</b>		<u><b>(88,158)</b></u>	<u><b>4,436</b></u>
<b>Cash flows from financing activities</b>			
Finance cost	12	(197,800)	(83,014)
Additions to borrowings	22	<u>1,140,574</u>	<u>298,182</u>
<b>Net cash generated from financing activities</b>		<u><b>951,773</b></u>	<u><b>215,167</b></u>
Net increase/ (decrease) in cash and cash equivalents		20,413	278,430
Cash and cash equivalents at the start of the year	14	<u>317,332</u>	<u>38,903</u>
<b>Cash and cash equivalent at the end of the year</b>	14	<u><b>337,746</b></u>	<u><b>317,332</b></u>

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Reporting Entity

Arve Limited ('the Company') is domiciled in Nigeria. The address of the Company's registered office is at 23 Agodogba Avenue, Packview Estate, Ikoyi, Lagos Nigeria. The Company was incorporated as a private limited liability company on 13 March, 2017 and commenced operation in 2018.

The Company is principally involved in the delivery of financial services to individuals and small businesses using an online lending platform application.

#### 2. Basis of Preparation

##### (a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRSIC) applicable to companies reporting under IFRS and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

##### (b) Composition of financial statements

The financial statements are drawn up in Naira, the functional and presentation currency of Arve Limited, in accordance with International Financial Reporting Standards (IFRS). These financial statements comprise of:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

##### *Other national disclosures:*

- Statement of value added
- Financial summary

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are disclosed in note 5.

##### (c) Basis of measurement

The financial statements have been prepared using the historical cost basis.

##### (d) Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional and presentation currency. All financial information presented in Naira has been rounded to the nearest thousand, except where otherwise indicated. .

##### (e) Going concern

There is no indication that the Company will not remain a going concern for at least twelve months from the date of the financial statements

##### (f) Financial year

These financial statements cover the financial year ended 31 December 2021, with comparative amounts for the financial year ended 31 December 2020.

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**3 Adoption of new and revised International Financial Reporting Standards (IFRSs)**

**3.1 Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 01, 2021.

**3.1.1 Definition of Material (Amendments to IAS 1 and IAS 8)**

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Three new aspects of the new definition should especially be noted:

- **Obscuring:** The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1.
- **Could reasonably be expected to influence:** The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.
- **Primary users:** The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The application of these amendments will not have an impact on the Company's financial statements as the company as the definition only provides clarification to existing standard which is already being applied.

**3.1.2 IFRS 16 Leases amendment**

On 28 May 2020, the IASB published Covid-19-Related Rent Concessions (Amendment to IFRS 16) amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The directors of the Company do not anticipate that the application of these amendments will have an impact on the Company's financial statements as there is no rent concession currently in place.



## ARVE LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3.2 New and revised International Financial Reporting Standards (IFRSs)

##### 3.2.1 Accounting standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

The full impact of the IFRS Interpretation is currently being assessed by the company, but the pronouncement is not expected to result in any material adjustments to the financial statements.

S/n	Standards description	Details of amendment	Annual periods beginning on or after
1	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The issue was originally addressed as part of the annual improvements project 2010 -2012 cycle. Exposure Draft ED/2012/1 Annual Improvements to IFRSs (2010—2012 Cycle), published in May 2012, proposed amendments to IAS 1.73 to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. The amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.	January 01 2022
2	Definition of accounting estimates (Amendments to IAS 8)	On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policy.	January 01 2023

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**4. Significant accounting policies**

**4.1 Revenue**

Revenue is derived substantially from Interest income on loans and advances disbursed to customers. Revenue is recognized in the profit or loss using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

**4.1.1 Revenue from loan advance to customers**

The Company recognizes revenue to depict the rendering of promised service to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. The entity recognizes revenue when control over services is transferred to the customers by applying the IFRS 15 "Revenue from contract with customers" five step model stated below:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**4.2 Foreign currency transactions**

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

In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Any resulting exchange differences are included in 'Other gains and losses' in the statement of profit or loss and other comprehensive income, except for differences on financial assets held at fair value through OCI, which are included in the available-for-sale reserve in other comprehensive income.

Non-monetary items measured in terms of historical cost that are denominated in foreign currencies are not re-translated.

Exchange differences arising on the settlement of monetary items are included in statement of profit or loss and other comprehensive income in the period in which they arise.

**4.3 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**4.4 Employee benefits**

**4.4.1 Retirement Benefits – Defined contribution plans**

Employees are members of defined contribution plans. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company makes provision for retirement benefits in accordance with the Pension Reform Act 2014. The Contribution by the employee is 8% of the total monthly emoluments which is not less than the sum of their basic salary, housing and transport allowances. Similarly, the company's contributes 10% of the employees' total emoluments which is not less than the sum of their basic salary, housing and transport allowances..

**4.4.2 Other employee benefits**

Other short and long-term employee benefits are recognised as an expense over the period in which they accrue.

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 4.5 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

##### 4.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

#### 4.6 Property, plant and equipment

Items of property, plant and equipment held for use in the rendering of financial services, or for administrative purposes, are stated in the statement of financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of rendering financial services or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current periods is as follows:

	Useful lives (years)
Furnitures and fittings	6
Computer equipment	3
Office equipment	5

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 4.6 Property, plant and equipment (continued)

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 4.7 Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 4.8 Right-of-use assets

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the company obtains substantially all the economic benefits from the use of that asset, and whether the company has the right to direct the use of the asset.

The Company recognizes a right-of-use (ROU) asset and a lease liability (where applicable) at the lease commencement date, except for short term leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term. At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

#### 4.9 Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### 4.10 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at their fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for transaction costs relating to financial assets or financial liabilities at fair value through profit or loss, which are recognised immediately in profit or loss.

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**4.11 Financial assets**

**Classification and measurement**

Financial assets are initially recognized as at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss. The Company does not currently have financial assets measured at fair value through profit or loss.

Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The company currently holds on loans and receivables as financial assets.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

The business models applied to assess the classification of the financial assets held by the Company are:

**Amortised cost:** Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents sole payments of principal and interest. Assets held under this business model are measured at amortised cost.

**Fair value through OCI:** Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represents solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

**Fair value through P or L:** This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The Company's financial assets are held to collect contractual cash flows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets). The financial assets are measured at amortised cost.

Derivative assets are recognized at fair value.

The Company's financial assets include trade and other receivables, and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date which are included in non-current assets. Interest income from these assets is included in finance income using the effective interest rate method.

**4.11.1 Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The EIR amortisation is included in investment income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

• **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in hand and at banks, and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value less overdrafts from any qualifying institution repayable on demand.

**4.11.2 Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 4.11.2 Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

#### 4.11.3 De-recognition of financial assets

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

#### 4.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### 4.12.1 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

- **Other payables**

Other payables and share capital classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

- **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Trade and other payables and share capital classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### 4.12.2 De-recognition of financial liabilities

The company de-recognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### 4.12.3 Share capital

Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

#### 5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

#### 5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 5.2 below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### 5.1.1 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### *Determining the timing of satisfaction of revenue earned on disbursement of loans and advances to customers*

In making judgment, the directors concluded that interest income from loans to customers is to be recognised over a period of time when the customer has the ability to direct the use of the asset. The Company assesses when a performance obligation is satisfied using the indicators below:

- the Company has a present right to payment for the service rendered;
- the Company has transferred physical possession of the asset;
- the customer has the significant risks and rewards of ownership of the service; and
- the customer has accepted the asset

#### 5.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### 5.2.1 Estimation of useful lives and residual values of property, plant and equipment

The estimation of the useful lives and residual values of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

##### 5.2.2 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### 5.2.3 Income taxes

The Company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.



# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 6 Interest income

An analysis of the Company's revenue is as follows:

	31/12/2021	31/12/2020
	N'000	N'000
Interest on loan	2,717,785	1,319,005
	<u>2,717,785</u>	<u>1,319,005</u>

Interest income is measured at the fair value of the consideration received or receivable. Interest income and receivable are generated through effective interest rate.

	31/12/2021	31/12/2020
	N'000	N'000
<b>7 Direct costs</b>		
Write off on loans	1,100,896	584,753
Collection costs	72,444	52,778
Commission fees	3,946	22,366
Payment processing	26,457	12,262
Loan recovery costs	49,745	-
Hedge Costs	-	1,270
	<u>1,253,488</u>	<u>673,429</u>

Collection cost relates to the amount paid to expert agent like Jumia, tumbach etc while loan recovery cost are paid to direct staff employed for the purpose.

	31/12/2021	31/12/2020
	N'000	N'000
<b>8 Loan impairment</b>		
Increase/(Decrease) in allowance for expected credit losses	<u>298,104</u>	<u>(8,846)</u>

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	31/12/2021 N'000	31/12/2020 N'000
<b>9 Administrative expenses</b>		
Audit fee	1,344	1,075
Bank charges	13,528	3,582
Consulting fee	390,840	174,464
Depreciation	793	517
Employee cost (Note 29.2)	182,055	101,610
General expense	34,448	9,673
IT tools	38,100	4,524
NSITF/ITF	3,264	-
Legal and accounting	42,817	5,740
Marketing	135,557	10,134
Office expenses	6,932	500
Printing and Stationery	806	11
Repairs and Maintenance	1,516	569
Short-term lease	33,437	14,131
Travel and Accommodation	5,967	209
	<b>891,405</b>	<b>326,739</b>
	31/12/2021 N'000	31/12/2020 N'000
<b>10 Other income</b>		
Interest income	77,219	13,101
Other Income	774	
Interest income- SPV	100	2,285
	<b>78,092</b>	<b>15,386</b>
Interest income represent interest on loans to related parties.		
<b>11 Other gains/(losses)</b>	31/12/2021 N'000	31/12/2020 N'000
Unrealised exchange loss	(115,148)	(5,459)
Unrealised exchange gain	4,747	-
Realised exchange loss	(973)	(22,033)
	<b>(111,374)</b>	<b>(27,493)</b>
	31/12/2021 N'000	31/12/2020 N'000
<b>12 Finance costs</b>		
Interest on borrowings	<b>197,800</b>	<b>83,014</b>

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 Taxation

#### 13.1 Per statement of comprehensive income

	31/12/2021 N'000	31/12/2020 N'000
<b>Current tax :</b>		
<u>Current tax expense for current year:</u>		
Income tax expense	9,415	48,586
Tertiary education tax expense	795	4,771
	<u>10,210</u>	<u>53,356</u>
<b>Deferred tax</b>		
Deferred tax expense	-	-
	<u>-</u>	<u>-</u>
<b>Total income tax expense recognised in current year</b>	<b><u>10,210</u></b>	<b><u>53,356</u></b>

Corporation tax is calculated at 30% of the estimated taxable profit for the year for companies with revenue above =N= 100,000,000 based on the 2019 Finance Act. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act (as amended) and the Tertiary Education Tax charge of 2% is based on the Tertiary Education Tax Fund (Establishment) Act, 2011. The charge for tertiary education tax is 2.5% (31/12/2020: 2%).

#### Reconciliation of effective tax rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	31/12/2021 N'000	31/12/2020 N'000
Profit before tax	<u>43,706</u>	<u>232,561</u>
Expected income tax expense calculated at 30%	13,112	69,768
Education tax at 2.5% of assessable profit (2020:2%)	795	4,771
Police fund levy	-	-
Effects of:		
Effect of income that is exempt from taxation	(1,424)	-
Expenses that are not deductible in determining taxable profit	(238)	1,793
Concessions (research and development and other allowances)		(426)
Effect of assessable profit/(loss)	(2,034)	(22,549)
Deferred tax	-	-
<b>Income tax expense recognised in profit or loss</b>	<b><u>10,210</u></b>	<b><u>53,356</u></b>

#### 13.2 Current tax liabilities

	31/12/2021 N'000	31/12/2020 N'000
<b>At 1 January</b>	<b>53,559</b>	<b>203</b>
Charge for the year	10,210	53,356
Payments during the year	(203)	-
<b>At 31 December</b>	<b><u>63,566</u></b>	<b><u>53,559</u></b>

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
<b>14 Cash and cash equivalents</b>		
Cash at bank	288,452	216,414
Deposit under trust (SPV)	49,293	100,917
	<u><b>337,746</b></u>	<u><b>317,332</b></u>

Cash at bank is considered a highly liquid form of current asset, as well as cash in hand. The maturity period is within a day and as such no impairment loss under ECL is computed. SPV balance is a trust account held in providus bank for Tumbach (N14,773.13), Jumia (N40,562,260.48), and Goldfinch (N8,716,402.49).

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
<b>15 Investment</b>		
Treasury bills	-	-
	<u>-</u>	<u>-</u>

Investment in treasury bills was reclassified as it relates to hedging account for foreign exchange.

	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>
<b>16 Loans and advances</b>		
Loans and advances	2,660,901	1,397,986
Securitization loans and advances	819,987	135,225
Write off	(1,867,473)	(766,577)
	<u>1,613,416</u>	<u>766,634</u>
Allowance for expected credit losses	(417,046)	(118,942)
	<u><b>1,196,370</b></u>	<u><b>647,692</b></u>

The Company is principally involved in the delivery of financial services to individuals and small businesses using technology via an app-based online lending platform. Interest income from loan disbursed to customer is recognized. Revenue is reduced for estimated default by customer, rebates and other similar allowances. Financial assets in this category are outstanding loan from customers held by the Company solely to collect contractual cash flows and these cash flows represents sole payments of principal and interest. Assets held under this business model are measured at amortised cost.

Securitization loans and advances represent the loan disbursed to customers via Special Purpose Vehicle (SPV) arrangement as detailed in Note 23. The activities of both the entity and SPV are consolidated in this report.

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<b>17</b>	<b>Account Receivable</b>	<b>31/12/2021 N'000</b>	<b>31/12/2020 N'000</b>
	Account receivable	435	231
	Due from related companies (Note 27.2)	529,106	108,890
		<u><b>529,541</b></u>	<u><b>109,122</b></u>

Account receivable balance has been assessed for impairment, but immaterial.

<b>18</b>	<b>Other Assets</b>	<b>31/12/2021 N'000</b>	<b>31/12/2020 N'000</b>
	VAT claimable	3,919	87
	Deposit account	126,906	-
	Staff loan account	1,151	-
	Employee loan advance	2,000	-
	Prepaid rent	64,409	2,186
		<u><b>198,386</b></u>	<u><b>2,273</b></u>

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**19 Property, Plant and equipment**

	Computer equipment N'000	Furniture N'000	Office equipment N'000	Office renovation N'000	Total N'000
<b>At 1 January 2020</b>	599	1,903	-		2,502
Additions	-	-	-		-
<b>At 31 December 2020</b>	<b>599</b>	<b>1,903</b>	<b>-</b>		<b>2,502</b>
Additions	410	18,928	4,992	63,828	88,158
<b>At 31 December 2021</b>	<b>1,009</b>	<b>20,831</b>	<b>4,992</b>	<b>63,828</b>	<b>90,660</b>
<b><u>Accumulated depreciation</u></b>					
<b>At 1 January 2020</b>	54	53	-	-	107
Charge for the year	200	317	-	-	517
<b>At 31 December 2020</b>	<b>254</b>	<b>370</b>	<b>-</b>		<b>624</b>
Charge for the year	293	317	182	-	793
<b>At 31 December 2021</b>	<b>547</b>	<b>687</b>	<b>182</b>	<b>-</b>	<b>1,417</b>
<b><u>Carrying amount</u></b>					
<b>At 31 December, 2021</b>	<b>462</b>	<b>20,144</b>	<b>4,810</b>	<b>63,828</b>	<b>89,243</b>
<b>At 31 December, 2020</b>	<b>345</b>	<b>1,533</b>	<b>-</b>	<b>-</b>	<b>1,878</b>

**19.1 Depreciation charge for the year is included in:**

	31/12/2021 N'000	31/12/2020 N'000
Administrative expenses	793	517
	<b>793</b>	<b>517</b>

**19.2 Impairment losses recognised in the period**

There were no impairment losses recognized during the year (31/12/2020: Nil).

**19.3 Contractual commitments**

At 31 December 2021, the company had no contractual commitments for the acquisition of property, plant and equipment (31/12/2020: Nil).

**19.4 Assets pledged as securities**

There were no asset pledged as securities at the end of the reporting year (31/12/2020: Nil).

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	31/12/2021 N'000	31/12/2020 N'000
<b>20 Account and Other Payables:</b>		
Account payable	136,476	51,666
<b>Other payables</b>		
Audit fee	1,344	1,075
VAT payable	284	284
Staff pension payable	275	-
NSITF/NHF payable	3,644	-
Withholding tax payable	19,083	18,552
Rent payable	9,632	-
Due to related companies (Note 27.2)	113,246	105,062
	<b>283,983</b>	<b>176,638</b>
<b>21 Other liabilities</b>		
Customer over payment	-	18,433
	<b>-</b>	<b>18,433</b>
<b>22 Long-term borrowings</b>		
Loan from external finance providers	1,230,138	211,279
Securitization borrowing	393,898	272,183
	<b>1,624,036</b>	<b>483,463</b>
The securitization borrowing represent borrowing from Jumia.		
<b>22.1 Reconciliation of Loan from Ext finance providers</b>		
	31/12/2021 N'000	31/12/2020 N'000
At 1 January	211,279	185,281
Additions	1,220,509	215,294
Interest	154,128	43,596
Repayment	(355,777)	(232,892)
At 31 December	<b>1,230,138</b>	<b>211,279</b>
Securitization borrowings represent an SPV arrangement whereby the senior beneficiaries provide the entity with funds (capital calls) held in a trust managed by FCMBT Trustees. The Parties agree that lenders shall provide a revolving line of credit ("Line of Credit")		
- for up to NGN 75,000,000 in outstanding principal at any given time ("Line of Credit Cap")		
- for a period of 12 months from the Effective Date ("Tenor")		
- for an annual interest rate of 21.5% ("Interest Rate") on the outstanding principal invested to finance loans generated by the Senior Beneficiary and underwritten by Quickcheck in favor of consumers and microbusinesses (the "Borrowers").		
- The Parties agree that Quickcheck shall provide funds which shall be subordinated to the Line of Credit ("Equity Tranche") and as such only receive retribution after accrued interest or principal are paid out and this Equity Tranche shall amount to NGN 15 for every NGN 85 invested by the Senior Beneficiary ("Equity Tranche Ratio").		
External finance provider(Piggyvest, PayHippo, Adebola Thomas, and Goldfinch) represent a principal amount (Piggyvest) of N400,000,000, (PayHippo) of N100,000,000, (Adebola Thomas) of N50,000,000, (Goldfinch) of \$1,450,000 at the conversion rate of N411.95 with an interest rate of 20%, 24%, 20%, and 15% per anum respectively. Interest was paid upfront and amortized.		
<b>23 Share capital</b>		
	31/12/2021 N'000	31/12/2020 N'000
<b>Minimum issued share capital</b>		
1,000,000 ordinary shares of N1 each (paid up)	1,000	1,000
Additions to shares	9,000	-
10,000,000 ordinary shares of N1 each (paid up)	<b>10,000</b>	<b>1,000</b>
<b>24 Capital contribution</b>		
	31/12/2021 N'000	31/12/2020 N'000
	<b>232,473</b>	<b>241,473</b>
This represent excess of the fund received from shareholders(Tiple SA, Seedstars International LLC, Lean Six Sigma Transformation Company Ltd, Bimbi Fiki Okeniyi, Olayinka Olajuwon) for the purchase of shares at nominal value.		
<b>25 Retained earnings</b>		
	31/12/2021 N'000	31/12/2020 N'000
At 1 January	103,731	(75,473)
Profit for the year	33,496	179,205
At 31 December	<b>137,227</b>	<b>103,731</b>

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 26 Related parties disclosure

The company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standards (IAS 24): Related Party Disclosures. Related parties comprise companies under common ownership and/ or common management and control and key management personnel.

#### 26.1 Related party relationships

<b>Related parties</b>	<b>Relationship</b>
Drance Limited	Common directors
Tiple SA	Common directors
Pelican Rhythms Lda	Common directors
Glatt LLC	Common directors

#### 26.2 Related party transactions

Details of outstanding balances between the company and its related party during the period is disclosed below.

<b>Name of Related Parties</b>	<b>Detail of transactions</b>
Drance Limited	Intercompany Loan are given to Drance Ltd in tranches at 18% per annum while the intercompany transaction are for expenses that Arve Ltd and the related party jointly incurred, but settled by Arve Ltd.
Tiple SA	This represent Intercompany Loan amount from Tiple SA is at 15% per annum.
Pelican Rhythms	Transactions with Pelican Rhythm Lda represent monies advanced to Arve Ltd at no specified interest rate.
Glatt LLC	The intercompany transaction are for expenses paid on behalf of Arve Ltd while the intercompany loan represent monies advanced to Glatt LLC.

#### 26.2.1 Related Parties transactions

The company obtained loans and management consultancy service from its related parties. Analysis of outstanding balances at period end are shown below:

##### *Analysis of the outstanding at the reporting date:*

	<b>Due from related parties</b>		<b>Due to related parties</b>	
	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Intercompany loan : Drance Ltd	525,454	107,895	-	-
Intercompany account: Drance Ltd	3,652	670	-	-
Intercompany loan : Tiple SA	-	325	52,675	9,824
Intercompany loan : Pelican Rhythms Lda	-	-	1,785	2,237
Intercompany loan : Fortelli	-	-	58,786	-
Intercompany account: Glatt LLC	-	-	-	93,000
	<b>529,106</b>	<b>108,890</b>	<b>113,246</b>	<b>105,062</b>

The amounts outstanding are unsecured and will be settled in cash.

### 27 Retirement benefits plans

#### 27.1 Defined Contribution Plan

The Company makes provision for retirement benefits in accordance with the Pension Reform Act 2014. The Contribution by the employer is 10% and employees contribute 8% of the sum of their total emoluments.



# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 28 Directors and employees

	31/12/2021 Number	31/12/2020 Number
28.1 Number of Directors without emolument	4	4

### 28.2 Employees

28.2.1 The average number of employees employed during the year and the staff costs are as follows:

	31/12/2021 Number	31/12/2020 Number
Managerial	11	3
Senior staff	26	8
Junior staff	49	48
	<u>86</u>	<u>59</u>

Employees remunerated at higher rates excluding allowances and retirement benefits:

Range (N)	Number	Number
Less than 500,000	9	-
500,001 - 750,000	45	3
750,001 - 1,000,000	3	6
Above 1,000,000	29	50
	<u>86</u>	<u>59</u>

The total staff costs amounted to:

	31/12/2021 N'000	31/12/2020 N'000
Employee cost	182,055	96,073
Superannuation	-	5,537
	<u>182,055</u>	<u>101,610</u>

### 29 Net cash used in operating activities

Reconciliation of profit before tax to net cash used in operating activities:

	31/12/2021 N'000	31/12/2020 N'000
Profit before tax	43,706	232,561
<b>Adjustments for non cash and operating items:</b>		
Impairment charge		
Finance expense	197,800	83,014
Adjustment to capital contributions	(9,000)	333
Depreciation of property, plant and equipment	793	517
<b>Operating cash flows before movements in working capital</b>	<u>233,299</u>	<u>316,425</u>
Tax paid	(203)	-
<b>Changes in working capital</b>		
Increase in loans and advances	(548,678)	(86,121)
Increase in account receivable	(420,419)	(97,925)
(Increase)/Decrease in other asset	(196,113)	3,081
Other liabilities	(18,433)	-
Increase/(Decrease) in account and other payables	107,345	(76,634)
	<u>(843,202)</u>	<u>58,826</u>

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 30 Financial risk management

A financial risk management framework is in place, where appropriate, to mitigate any negative impact financial risks may have on the Company's reported results. The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk. The Board of Directors review and agree policies for managing each of these risks.

#### 30.1 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation equity.

The capital structure of the company consists of debt and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company is not subject to any externally imposed capital requirements. Equity includes all capital and reserves of the Company that are managed as capital.

Debt is defined as both current and non-current borrowings.

	31/12/2021 N'000	31/12/2020 N'000
Trade and other payables	283,983	176,638
Other liabilities	-	18,433
Long-term borrowings	1,624,036	483,463
Less: Cash and cash equivalents	(337,746)	(317,332)
Net debt	1,570,274	361,202
Total equity	379,700	346,204
Total capital employed	1,949,973	707,407
Gearing ratio	81%	51%

#### 30.2 Market risk

Market risk is the risk that the fair values of future cash flows of financial instruments will fluctuate because of changes in market prices. The components of market risk are foreign exchange risk and interest rate risks. The financial instruments held by the Company that are affected by market risk are principally the non-derivative financial instruments which include other receivables, cash and bank balances, other payables.

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 30 Financial risk management (continued)

#### 30.2.1 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates is minimal. Foreign exchange exposure is however monitored by the Company's accountants.

The Naira carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	31/12/2021	31/12/2020
	N'000	N'000
<b>Assets</b>		
Due from related parties	-	325
	<u>-</u>	<u>325</u>
<b>Liabilities</b>		
Due to related parties and other long-term borrowings	710,573	412,675
	<u>710,573</u>	<u>412,675</u>

#### 30.2.2 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because it borrow funds at fixed/floating interest rates.

#### 30.3 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligation leading to a financial loss. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets that represents the Company's maximum exposure at the reporting date, is as follows:

	31/12/2021	31/12/2020
	N'000	N'000
Bank balances	337,746	317,332
Loans and advances	1,196,370	647,692
Due from related parties and other receivables	529,106	108,890
	<u>2,063,221</u>	<u>1,073,914</u>

#### 30.3.1 Collateral held as security and other credit enhancements

The carrying amount of financial assets recorded in the financial statements, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**30.4 Liquidity risk management**

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the Company is unable to meet settlement obligations.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, support from parent company, by monitoring of forecast and actual cash flows.

**30.5 Maturity risk**

The Company monitors its risk to a shortage of funds by maintaining a balance between continuity of funding and by continuously monitoring forecast and actual flows and by matching profiles of financial assets and liabilities.

The following tables show the company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be requested to pay. The tables include both interest and principal cashflows.

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
**30.5 Maturity risk (continued)**

	31 December 2021			
	Less than 6 months N'000	6-12 months N'000	More than one year N'000	Total N'000
<b>Financial liabilities at amortised cost</b>				
<i>Non-interest bearing:</i>				
Due to related parties and other payables	-	249,722	-	249,722
<i>Interest bearing:</i>				
Borrowings	-		1,624,036	1,624,036
Due to related parties			-	
	<b>-</b>	<b>249,722</b>	<b>1,624,036</b>	<b>1,873,758</b>

	31 December 2020			
	Less than 6 months N'000	6-12 months N'000	More than one year N'000	Total N'000
<b>Financial liabilities at amortised cost</b>				
<i>Non-interest bearing:</i>				
Due to related parties and other payables	-	156,727	-	156,727
<i>Interest bearing:</i>				
Loan From: External finance providers			483,463	483,463
	<b>-</b>	<b>156,727</b>	<b>483,463</b>	<b>640,190</b>

Financial liabilities that can be repaid at any time have been assigned to the earliest possible time period. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The following table shows the Company's contractual maturities of financial liabilities:

	31/12/2021	31/12/2021	31/12/2020	31/12/2020
	Carrying amount N'000	Contractual cash flows N'000	Carrying amount N'000	Contractual cash flows N'000
<b>Financial liabilities at amortized cost</b>				
Due to related parties and other payables	1,873,758	1,873,758	640,190	640,190
<b>Less than one year</b>	<b>1,873,758</b>	<b>1,873,758</b>	<b>640,190</b>	<b>640,190</b>

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**31 Events after the reporting period**

There were no events after the reporting period that could have had a material effect on the affairs of the Company as at 31 December 2021 and on the profit for the year ended on that date which have not been taken into account in these financial statements. As at the date of approving these annual financial statements, management have assessed that there is no material impact on the annual financial statements for the year ended 31 December 2021.

**32 Impact of COVID-19**

Subsequent to 31 December 2021, the Company has assessed the impact of COVID-19 on the annual financial statements and considered the potential impairment indicators for its portfolio. As at the date of approving these annual financial statements, management have assessed that there are no material impact on the annual financial statements for the year ended 31 December 2021.

The duration and impact of the COVID -19 pandemic, as well as the effectiveness of government responses, remain unclear at this time. It is not possible to reliably estimate the impact on the financial position and results of the Company in future periods.

# ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

## OTHER NATIONAL DISCLOSURES STATEMENT OF VALUE ADDED

	2021 N'000	%	2020 N'000	%
Interest income	2,717,785	621	1,319,005	313
Other income	78,092	18	15,386	4
	<u>2,795,877</u>		<u>1,334,390</u>	
Direct costs	(2,357,995)	(538)	(913,106)	(217)
<b>Value added</b>	<b><u>437,882</u></b>	<b><u>100</u></b>	<b><u>421,284</u></b>	<b><u>100</u></b>
<b>Distribution:</b>				
<b>To pay employees:</b>				
Wages, salaries and other benefits	182,055	42	101,610	24
<b>To providers of capital</b>				
Bank charges and interest	211,328	48	86,596	21
<b>To pay Government:</b>				
Income tax	10,210	30	53,356	13
<b>To provide for assets replacement and future expansion:</b>				
- Depreciation/amortisation	793	0	517	0
- Profit for the year	<u>33,496</u>	<u>8</u>	<u>179,205</u>	<u>43</u>
	<b><u>437,882</u></b>	<b><u>100</u></b>	<b><u>421,284</u></b>	<b><u>100</u></b>

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, providers of capital, government and amount retained for the future creation of more wealth.

# ARVE LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### OTHER NATIONAL DISCLOSURES FOUR-YEAR FINANCIAL SUMMARY

	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Interest income	<u>2,717,785</u>	<u>1,319,005</u>	<u>562,022</u>	<u>172,063</u>
Profit/(loss) before taxation	43,706	232,561	9,973	(85,244)
Taxation	(10,210)	(53,356)	(203)	-
<b>Profit/(loss) after taxation</b>	<u><b>33,496</b></u>	<u><b>179,205</b></u>	<u><b>9,771</b></u>	<u><b>(85,244)</b></u>
<b><u>Assets:</u></b>				
Cash and cash equivalents	337,746	317,332	38,903	63,714
Loans and advances	1,196,370	647,692	561,571	17,982
Account receivables	529,541	109,122	11,197	-
Other assets	198,386	2,273	5,354	-
Property, plant and equipment	<u>89,243</u>	<u>1,878</u>	<u>2,395</u>	<u>-</u>
<b>Total assets</b>	<u><b>2,351,286</b></u>	<u><b>1,078,297</b></u>	<u><b>623,856</b></u>	<u><b>81,696</b></u>
<b><u>Liabilities:</u></b>				
Trade and other payables	283,983	176,638	253,272	165,939
Other liabilities	-	18,433	18,433	-
Long term borrowing	1,624,036	483,463	185,281	-
Current tax liabilities	<u>63,566</u>	<u>53,559</u>	<u>203</u>	<u>-</u>
<b>Total liabilities</b>	<u><b>1,971,586</b></u>	<u><b>732,093</b></u>	<u><b>457,189</b></u>	<u><b>165,939</b></u>
<b><u>Equity</u></b>				
<b>Capital and Reserves</b>				
Share capital	10,000	1,000	1,000	1,000
Capital contribution	232,473	241,473	241,140	-
Retained earnings	<u>137,227</u>	<u>103,732</u>	<u>(75,473)</u>	<u>(85,244)</u>
<b>Total equity</b>	<u><b>379,700</b></u>	<u><b>346,205</b></u>	<u><b>166,667</b></u>	<u><b>(84,244)</b></u>
<b>Total equity and liabilities</b>	<u><b>2,351,286</b></u>	<u><b>1,078,298</b></u>	<u><b>623,856</b></u>	<u><b>81,696</b></u>