ARVE LIMITED

Annual report and financial statements
31 December 2022

ARVE LIMITED

Annual report and financial statements
For the year ended 31 December 2022
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Directors, professional advisers and registered office

Directors

Fabiano Di Tomaso	(Swiss)
Olayinka Olajuwon	(Nigerian)
Benjamin Benaim	(Swiss)
Luis Rodrigues	(Portuguese)

Company Secretary

Olayinka Olajuwon & Co
5th Floor, Kajola House,
62/64 Campbell Street,
Lagos, Nigeria.

Auditor

Mazars
18, Oba Akran Avenue,
Ikeja, Lagos
+234(0) 818 0168 888

Registered Office

23 Agodogba Avenue,
Parkview Estate, Ikoyi,
Lagos, Nigeria.

Principal Bankers

Guaranty Trust Bank Ltd
Zenith Bank Plc
Providus Bank Limited
Access Bank Plc

Company Registration Number

RC: 1397799

	31 December 2022 N'000	31 December 2021 N'000	Change %
Interest income	2,438,162	2,717,785	(10)
(Loss)/profit before tax	(1,211,421)	43,706	(2,872)
(Loss)/profit after tax	(961,328)	33,496	(2,970)
Accumulated (losses)/Retained earnings	(808,228)	137,227	(689)
Share capital	10,000	10,000	-
Capital contribution	232,473	232,473	
Total (liabilities)/ equity attributable to shareholders	(565,756)	379,700	(249)
Number of employees	86	86	

No dividends were declared or paid during the year (31 December 2021: Nil).

LEGAL FORM

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

PRINCIPAL ACTIVITY

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

DIRECTORS' SHAREHOLDING

The directors interest in the shares of the Comapany has been disclosed in the shareholding structure as required under section 301 of the Companies and Allied Matters Act, 2020.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of their direct or indirect interest in contracts or proposed contracts with the Company during the year ended 31 December 2022.

SHAREHOLDERS

According to the register of members at 31 December 2022, the majority shareholder of the ordinary share of the

Shareholder	2022 Number of shares	(%)	2021 Number of shares	(%)
Quickcheck Holding Limited	10,000,000	100	-	
Tiple SA	-		8,660,070	86.60
Seedstars Capital Nigeria Limited	-		594,490	5.94
Lean Six Sigma T Transformation Company	-		298,180	2.98
Bimbi Fiki Okeniyi	-		298,180	2.98
Olayinka Olajuwon	-		149,080	1.49
	10,000,000	100	10,000,000	100

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment and additions thereto are shown in Note 20 to the financial statements.

EMPLOYMENT OF DISABLED PERSONS

The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

EMPLOYEE HEALTH, SAFETY AND WELFARE

The Company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company operates a defined contributory scheme for its staff in accordance with the requirements of the Pension Reform Act 2014. The defined contributory scheme is managed by licensed Pension Fund Administrators. Contributions to the scheme of 10% and 8% of basic, housing and transportation allowances are made by the employer and employees respectively.

EMPLOYEE TRAINING AND DEVELOPMENT

The directors maintain regular communication and consultation with the employees on matters affecting employees and the Company.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the Company.

DONATIONS AND GIFTS

During the year, the Company made no donations to individuals or organisations (31 December 2021: nil).

EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period, which could have had a material effect on the state of financial position of the Company as at 31 December 2022 that have not been adequately provided for or disclosed in the financial statements.

AUDITOR

The Company's auditor, Mazars Ojike & Partners have indicated their willingness to continue in office in accordance with section 401(1) of the Companies and Allied Matters Act, 2020.

By Order of the Board

Olayinka Olajuwon

Olayinka Olajuwon
Company Secretary
08 June **2023**

ARVE LIMITED

Annual report and financial statements
For the year ended 31 December 2022
Statement of directors' responsibilities

The Companies and Allied Matters Act,2020 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, which are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, 2020.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of the statement.

Fabiano Di Tomaso	Luis Rodrigues
Director	Director
08 June …......................., 2023	08 June …......................., 2023

Statement of Corporate Responsibility

In line with the provisions of section 405 of Companies and Allied Matters Act, 2020, we have reviewed the audited financial statements of the company for the year ended 31 December 2022 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 company as of and for, the year ended 31 December 2022;

(3) the company's internal controls have been designed to ensure that material information relating to the company and its made known to us by officers of the company, particularly for the reporting year;

(4) the company's internal controls were evaluated within 90 days prior to the audited financial statement date and are effective as of 31 December 2022;

(5) that we have disclosed to the Company's auditor and those charged with governance:

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the company's auditor 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 company'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.

Fabiano Di Tomaso	Luis Rodrigues
CEO/Director	Director
08 June …......................., 2023	08 June …......................., 2023

mazars

18 Oba Akran Avenue,
Ikeja,
Lagos,
Nigeria.
+234 818 016 8888
www.mazars.com.ng

Independent auditor's report

To the Members of Arve Limited

Report on the audit of the financial statements

Our Opinion

In our opinion, Arve **Limited ("the Company's")** financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year 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 financial statements comprise:

- the statement of financial position as at 31 December 2022;
- 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 and other explanatory information.

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.

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 Responsibility, Statement of Value Added and Five-Year 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.

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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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 judgement 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.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 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;

iii) The company's statement of financial position and its statement of profit or loss are in agreement with the books of account and returns.

Uhabia Ojike
FRC/2013/ICAN/00000004748
For: Mazars Ojike and Partners
Lagos, Nigeria
8 June 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0078460

STATEMENT OF PROFIT OR LOSS

	Note	31/12/2022 N'000	31/12/2021 N'000
Interest income	6	2,438,162	2,717,785
Direct cost	7	(1,577,189)	(1,253,488)
Net interest income		**860,972**	**1,464,296**
Impairment (loss)/write back on financial instruments	8	-	(298,104)
Net interest income after impairment charges		**860,972**	**1,166,192**
Administrative expenses	9	(1,361,288)	(891,405)
Operating (loss)/profit		(500,316)	274,788
Other income	10	88,588	78,092
Other losses	11	(523,345)	(111,374)
Finance costs	12	(276,348)	(197,800)
(Loss)/profit before tax		**(1,211,421)**	**43,706**
Income tax credit	13	250,093	(10,210)
(Loss)/profit for the year		**(961,328)**	**33,496**

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

STATEMENT OF FINANCIAL POSITION

	Note	31/12/2022 N'000	31/12/2021 N'000
Assets:			
Cash and cash equivalents	15	282,166	337,746
Investment	16	788,356	-
Loans and advances	17	1,117,096	1,196,370
Account receivables	18	674,314	529,541
Other assets	19	95,168	198,386
Property, plant and equipment	20	99,852	89,243
Deferred tax assets	13.3	369,019	-
Total assets		**3,425,970**	**2,351,286**
Liabilities:			
Account and other payables	21	228,877	283,983
Bank overdraft	22	1,693,265	-
Current tax liabilities	13.2	130,819	63,566
Long term borrowing	23	1,938,764	1,624,036
Total liabilities		**3,991,725**	**1,971,586**
Equity			
Capital and Reserves			
Share capital	24	10,000	10,000
Capital contribution	25	232,473	232,473
Accumulated (losses)/ Retained earnings	26	(808,228)	137,227
Total equity		**(565,756)**	**379,700**
Total equity and liabilities		**3,425,970**	**2,351,286**

The financial statements on pages 11 to 38 were approved for by the Board of Directors on …....08 June 2023...... and signed on its behalf by:

Fabiano Di Tomaso **Director**	**Luis Rodrigues** **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.

STATEMENT OF CHANGES IN EQUITY

	Share capital N'000	Capital contribution N'000	Retained earnings/(Accumulated losses) N'000	Total N'000
Balance at 1 Jan 2021	1,000	241,473	103,731	346,204
Profit for the period	-	-	33,496	33,496
Increase in Capital contribution	9,000	-	-	9,000
Decrease in capital contribution	-	(9,000)	-	(9,000)
Balance at 31 December 2021	**10,000**	**232,473**	**137,227**	**379,700**
Prior year adjustments	-		15,872	15,872
Restated balance at 31 December 2021	**10,000**	**232,473**	**153,099**	**395,572**
Loss for the year	-	-	(961,328)	(961,328)
Balance at 31 December 2022	**10,000**	**232,473**	**(808,228)**	**(565,755)**

STATEMENT OF CASH FLOWS

	Note	12/31/2022 N'000	12/31/2021 N'000
Cash flows from operating activities			
Cash receipts from customers		2,564,469	1,630,667
Cash paid to suppliers		(3,494,080)	(2,473,666)
Cash used in operations		(929,611)	(842,999)
Income tax paid	13.2	(46,746)	(203)
Net cash used in operating activities	30	**(976,357)**	**(843,202)**
Cash flows from investing activities			
Purchase of property,plant and equipment	20	(22,512)	(88,158)
Disposal of treasury bill	16	(788,356)	-
Net cash used in investing activities		**(810,868)**	**(88,158)**
Cash flows from financing activities			
Finance cost	12	(276,348)	(197,800)
Additions to borrowings	23	314,728	1,140,574
Net cash generated from financing activities		**38,379**	**942,774**
Net increase/ (decrease) in cash and cash equivalents		(1,748,846)	20,413
Cash and cash equivalents at the start of the year	15	337,746	317,332
Cash and cash equivalent at the end of the year	15	**(1,411,099)**	**337,746**

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

- Statement of profit or loss
- 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
- Five-year 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 judgement 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 2022, with comparative amounts for the financial year ended 31 December 2021.

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 (lASB) that are mandatorily effective for an accounting period that begins on or after January 01, 2022.

3.1.1 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.

3.1.4 Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use

Property, Plant and Equipment - Proceeds before intended use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

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	Definition of Accounting Estimates- Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	January 01 2023
2	Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.	January 01 2023
3	Disclosure of Accounting Policies- Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is material accounting policy information and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	January 01 2023

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 transfered 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.

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.

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 construction, supply 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

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.

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.

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.

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 uncertainity

The key assumptions concerning the future,and other key sources of estimation uncertainity 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Interest income

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

	12/31/2022	12/31/2021
	N'000	N'000
Interest on loan	2,438,162	2,717,785
	2,438,162	**2,717,785**

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

	12/31/2022	12/31/2021
7 Direct costs	N'000	N'000
Write off on loans	1,412,179	1,100,896
Collection costs	47,806	56,765
Commission fees	-	3,946
Payment processing	12,426	32,307
Loan recovery costs	104,779	59,575
	1,577,189	**1,253,488**

	12/31/2022	12/31/2021
8 Loan impairment	N'000	N'000
Increase/(Decrease) in allowance for expected credit losses	-	298,104

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		12/31/2022	12/31/2021
		N'000	N'000
9	**Administrative expenses**		
	Audit fee	2,043	1,344
	Bank charges	27,452	13,528
	Consulting fee	468,210	390,840
	Depreciation	11,244	793
	Employee cost (Note 29.2)	398,061	182,055
	General expense	65,354	34,448
	IT tools	71,817	38,100
	NSITF/ITF	2,880	3,264
	Legal and accounting	28,594	42,817
	Marketing	163,969	135,557
	Office expenses	51,277	6,932
	Printing and Stationery	932	806
	Repairs and Maintenance	1,264	1,516
	Short-term lease	51,914	33,437
	Travel and Accommodation	15,732	5,967
	Directors expenses	548	-
		1,361,288	**891,405**

		12/31/2022	12/31/2021
		N'000	N'000
10	**Other income**		
	Interest income	77,412	77,219
	Other Income	10,976	774
	Interest income- SPV	200	100
		88,588	**78,092**

Interest income represent interest on loans to related parties.

		12/31/2022	12/31/2021
11	**Other losses**	N'000	N'000
	Unrealised exchange loss	(248,573)	(115,148)
	Unrealised exchange gain	-	4,747
	Realised exchange loss	(980)	(973)
	Bank revaluation	(273,200)	
	Loss on asset disposed	(592)	
		(523,345)	**(111,374)**

		12/31/2022	12/31/2021
12	**Finance costs**	N'000	N'000
	Interest on borrowings	221,906	197,800
	Interest expense-SPV	54,443	
		276,348	**197,800**

13 Taxation

13.1 Per statement of comprehensive income

	12/31/2022	12/31/2021
Current tax :	**N'000**	**N'000**
Current tax expense for current year:		
Income tax expense	107,283	9,415
Minimum tax	11,642	
Tertiary education tax expense		795
	118,926	10,210
Deferred tax		
Deferred tax credit	(369,019)	-
	(369,019)	**-**
Total income tax expense recognised in current year	**(250,093)**	**10,210**

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 2.5% is based on the Tertiary Education Tax Fund (Establishment) Act, 2011. The charge for tertiary education tax is 2.5% (31/12/2021: 2.5%).

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:

	12/31/2022 N'000	12/31/2021 N'000
Profit before tax	(1,211,421)	43,706
Expected income tax expense calculated at 30%	(363,426)	13,112
Education tax at 2.5% of assessable profit (2021:2.5%)	-	795
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)
Concessions (research and development and other allowances)		
Effect of assessable profit/(loss)		(2,034)
Deferred tax	(369,019)	-
Income tax expense recognised in profit or loss	**(732,445)**	**10,210**

13.2 Current tax liabilities

	12/31/2022 N'000	12/31/2021 N'000
At 1 January	63,566	53,559
Charge for the year	113,999	10,210
Payments during the year	(46,746)	(203)
At 31 December	**130,819**	**63,566**

13.3 Deferred tax

Deferred income taxes are calculated on all temporary differences under the statement of financial position liability method using an effective tax rate of 30% (2021: 30%).

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets /(liabilities)	**Property, plant & equipment** **N'000**	**Total** **N'000**
At 1 January, 2021	-	-
(Charge)/credit to profit or loss	-	-
At 31 December 2021	**-**	**-**
At 1 January, 2022	-	-
(Charge)/credit to profit or loss	369,019	-
At 31 December 2022	**369,019**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		12/31/2022	12/31/2021
15	**Cash and cash equivalents**	**N'000**	**N'000**
	Cash at bank	215,060	288,452
	Deposit under trust (SPV)	67,106	49,293
		282,166	**337,746**

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 Jumia (N40,562,260.48).

		12/31/2022	12/31/2021
16	**Investment**	**N'000**	**N'000**
	Treasury investment	788,356	-
		788,356	**-**

		12/31/2022 N'000	12/31/2021 N'000
17	**Loans and advances**		
	Loans and advances	1,463,751	2,660,901
	Securitization loans and advances	-	819,987
	Write off	-	(1,867,473)
		1,463,751	1,613,416
	Allowance for expected credit losses	(346,655)	(417,046)
		1,117,096	**1,196,370**

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 oustanding 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18	Account Receivable	12/31/2022 N'000	12/31/2021 N'000
	Account receivable	811	435
	Due from related companies (Note 27.2)	673,503	529,106
		674,314	**529,541**

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

19	Other Assets	12/31/2022 N'000	12/31/2021 N'000
	VAT claimable	712	3,919
	Deposit account	-	126,906
	Staff loan account	1,186	1,151
	Employee loan advance	2,000	2,000
	Prepaid rent	90,260	64,409
	Other receivables	1,010	-
		95,168	**198,386**

20 Property, Plant and equipment

Cost	Computer equipment N'000	Furniture & Fittings N'000	Office equipment N'000	Office renovation N'000	Total N'000
At 1 January 2021	599	1,903	-	-	2,502
Additions	410	18,928	4,992	63,828	88,158
At 31 December 2021	**1,009**	**20,831**	**4,992**	**63,828**	**90,660**
Additions	-	1,516	3,889	17,106	**22,512**
Disposal	-	(1,131)	-	-	**(1,131)**
At 31 December 2022	**1,009**	**21,216**	**8,881**	**80,934**	**112,041**
Accumulated depreciation					
At 1 January 2021	254	370	-	-	624
Charge for the year	293	317	182	-	793
At 31 December 2021	**547**	**687**	**182**	**-**	**1,417**
Charge for the year	282	3,578	1,345	6,038	11,244
Disposal	-	(471)	-	-	(471)
At 31 December 2022	**830**	**3,793**	**1,527**	**6,038**	**12,189**
Carrying amount					
At 31 December, 2022	**179**	**17,423**	**7,354**	**74,896**	**99,852**
At 31 December, 2021	**462**	**20,144**	**4,810**	**63,828**	**89,243**

20.1 Depreciation charge for the year is included in:

	12/31/2022 N'000	12/31/2021 N'000
Administrative expenses	11,244	793
	11,244	**793**

20.2 Impairment losses recognised in the period

There were no impairment losses recognized during the year (31/12/2021: Nil).

20.3 Contractual commitments

At 31 December 2022, the company had no contractual commitments for the acquisition of property, plant and equipment (31/12/2021: Nil).

20.4 Assets pledged as securities

There were no asset pledged as securities at the end of the reporting year (31/12/2021: Nil).

		12/31/2022	12/31/2021
21	**Account and Other Payables:**	**N'000**	**N'000**
	Account payable	151,459	136,476
	Other payables		
	Audit fee	2,043	1,344
	Value Added Tax	284	284
	Staff pension	457	275
	NSITF/NHF	-	3,644
	Withholding tax	37,650	19,083
	Others	1,233	-
	Rent	-	9,632
	Due to related companies (Note 27.2)	35,750	113,246
		228,877	**283,983**

		12/31/2022	12/31/2021
22	**Bank overdraft**	**N'000**	**N'000**
	Bank overdraft	1,693,265	-
		1,693,265	**-**

		12/31/2022	12/31/2021
23	**Long-term borrowings**	**N'000**	**N'000**
	Loan from external finance providers	1,529,473	1,230,138
	Securitization borrowing	409,291	393,898
		1,938,764	**1,624,036**

The securitization borrowing represent borrowing from Jumia.

		12/31/2022	12/31/2021
23.1	**Reconciliation of Loan from Ext finance providers**	**N'000**	**N'000**
	At 1 January	2,248,997	1,230,138
	Additions	1,253,125	1,220,509
	Interest	276,348	154,128
	Repayment	(2,248,997)	(355,777)
	At 31 December	**1,529,473**	**2,248,997**

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 Benificiary 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(P2P Lending Platform (Bondster)and Quickcheck Holdings Ltd) represent a principal amount of N133,528,580, and N1,395,944,677.12 respectively.

24 Share capital

	12/31/2022	12/31/2021
	N'000	**N'000**
Minimum issued share capital		
1,000,000 ordinary shares of N1 each (paid up)	10,000	1,000
Additions to shares	-	9,000
10,000,000 ordinary shares of N1 each (paid up)	**10,000**	**10,000**

		12/31/2022	12/31/2021
		N'000	**N'000**
25	**Capital contribution**	**232,473**	**232,473**

This represent excess of the fund received from previous 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.

26 (Accumulated losses)/Retained earnings

	12/31/2022	12/31/2021
	N'000	**N'000**
At 1 January	137,227	103,731
(Loss)/profit for the year	(961,328)	33,496
Prior year adjustments	15,872	-
At 31 December	**(808,228)**	**137,227**

Prior year adjustments represent audit journals not recognised in the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Related parties disclosure

The company enters into transactions with companies and entities that fall within the definiton 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.

27.1 Related party relationships

Related parties	***Relationship***
Drance Limited	Common directors
Tiple SA	Common directors
Pelican Rhythms Lda	Common directors

27.2 Related party transactions

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

Name of Related Parties	**Detail of transactions**
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%
Pelican Rhythms	Transactions with Pelican Rhythm Lda represent monies advanced to Arve Ltd at no specified interest rate.

27.2.1 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:

	Due from related parties		**Due to related parties**	
	12/31/2022	**12/31/2021**	**12/31/2022**	**12/31/2021**
	N'000	**N'000**	**N'000**	**N'000**
Intercompany loan : Drance Ltd	556,113	525,454	-	-
Intercompany account: Drance Ltd	573	3,652	-	-
Intercompany loan : Tiple SA	-	-	-	52,675
Intercompany loan : Pelican Rhythms Lda	-	-	22,792	1,785
Intercompany loan : Fortelli	-	-	-	58,786
Intercompany account: QuickCheck Research & Development Ltd	116,816	-	12,958	-
	673,503	**529,106**	**35,750**	**113,246**

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

28 Retirement benefits plans

28.1 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.

29 Directors and employees

		12/31/2022 Number	12/31/2021 Number
29.1	Number of Directors without emolument	4	4

29.2 Employees

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

	12/31/2022 Number	12/31/2021 Number
Managerial	11	11
Senior staff	26	26
Junior staff	49	49
	86	**86**

Employees remunerated at higher rates excluding allowances and retirement benefits:

Range (N)	**Number**	**Number**
Less than 500,000	9	9
500,001 - 750,000	45	45
750,001 - 1,000,000	3	3
Above 1,000,000	29	29
	86	**86**

The total staff costs amounted to:	12/31/2022 N'000	12/31/2021 N'000
Employee cost	398,061	182,055
Consulting fee	446,750	-
	844,811	**182,055**

30 Net cash used in operating activities

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

	12/31/2022 N'000	12/31/2021 N'000
(Loss)/profit before tax	(1,211,421)	43,706
Adjustments for non cash and operating items:		
Impairment charge		298,104
Finance expense		
Depreciation of property, plant and equipment	11,244	793
Operating cash flows before movements in working capital	(1,200,177)	342,602
Changes in working capital		
Decrease/(Increase) in loans and advances	79,274	(86,121)
Increase in account receivable	(144,773)	(97,925)
(Increase)/Decrease in other asset	103,218	3,081
Decrease in account and other payables	(55,106)	(76,634)
	(1,217,565)	**85,003**

31 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.

31.1 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.

	12/31/2022 N'000	12/31/2021 N'000
Trade and other payables	228,877	283,983
Bank overdraft	1,693,265	-
Long-term borrowings	1,938,764	1,624,036
Less: Cash and cash equivalents	(282,166)	(337,746)
Net debt	3,578,740	1,570,274
Total equity	(565,756)	267,486
Total capital employed	3,012,984	1,837,760
Gearing ratio	119%	85%

31.2 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.

31. Financial risk management (continued)

31.2.1 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:

	12/31/2022	12/31/2021
Assets	**N'000**	**N'000**
Due from related parties	-	-
	-	**-**
Liabilities		
Due to related parties and other long-term borrowings	**633,077**	**710,573**

31.2.2 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.

31.3 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:

	12/31/2022	12/31/2021
	N'000	**N'000**
Bank balances	282,166	337,746
Loans and advances	1,117,096	1,196,370
Due from related parties and other receivables	673,503	529,106
	2,861,121	**2,063,222**

31.3.1 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.

31.4 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.

31.5 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.

31.5 Maturity risk (continued)

	31 December 2022			
	Less than 6 months	6-12 months	More than one year	Total
Financial liabilities at amortised cost	N'000	N'000	N'000	N'000
Non-interest bearing:				
Due to related parties and other payables	-	187,209	-	187,209
Interest bearing:				
Borrowings	-		1,938,764	1,938,764
Due to related parties			-	
	-	**187,209**	**1,938,764**	**2,125,973**

	31 December 2021			
	Less than 6 months	6-12 months	More than one year	Total
Financial liabilities at amortised cost	N'000	N'000	N'000	N'000
Non-interest bearing:				
Due to related parties and other payables	-	249,722	-	249,722
Interest bearing:				
Loan From: External finance providers	-	-	1,624,036	1,624,036
	-	**249,722**	**1,624,036**	**1,873,758**

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:

	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Financial liabilities at amortized cost	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	N'000	N'000	N'000	N'000
Due to related parties and other payables	2,125,973	2,125,973	1,873,758	1,873,758
Less than one year	**2,125,973**	**2,125,973**	**1,873,758**	**1,873,758**

OTHER NATIONAL DISCLOSURE
STATEMENT OF VALUE ADDED

	2022 N'000	%	2021 N'000	%
Interest income	2,438,162	927	2,717,785	621
Other income	88,588	34	78,092	18
	2,526,750		2,795,877	
Bought in goods and services	(2,263,740)	(861)	(2,357,995)	(539)
Value eroded	**263,010**	**100**	**437,882**	**100**
Distribution:				
To pay employees:				
Wages, salaries and other benefits	844,811	321	182,055	42
To providers of capital				
Finance cost	249,358	95	211,328	48
To pay Government:				
Income tax credit/(expense)	118,926	(12)	10,210	2
To provide for assets replacement and future expansion:				
- Depreciation	11,244	4	793	0.18
- (Loss)/profit for the year	(961,328)	(366)	33,496	8
	263,010	**100**	**437,882**	**100**

Value eroded 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.

OTHER NATIONAL DISCLOSURE
FIVE-YEAR FINANCIAL SUMMARY

	2022 N'000	2021 N'000	2020 N'000	2019 N'000	2018 N'000
Interest income	**2,438,162**	**2,717,785**	**1,319,005**	**562,022**	**172,063**
(loss)/profit before taxation	(1,211,421)	43,706	232,561	9,973	(85,244)
Income tax credit/(expense)	250,093	(10,210)	(53,356)	(203)	-
(loss)/profit after taxation	**(961,328)**	**33,496**	**179,205**	**9,771**	**(85,244)**
Assets:					
Deferred tax asset	369,019	-	-	-	-
Cash and cash equivalents	282,166	337,746	317,332	38,903	63,714
Investment	788,356		788,356	4,436	-
Loans and advances	1,117,096	1,196,370	647,692	561,571	17,982
Account receivables	674,314	529,541	109,122	11,197	-
Other assets	95,168	198,386	2,273	5,354	-
Property,plant and equipment	99,852	89,243	1,878	2,395	-
Total assets	**3,425,970**	**2,351,286**	**1,866,654**	**623,856**	**81,696**
Liabilities:					
Trade and other payables	228,877	283,983	176,638	253,272	165,939
Bank overdraft	1,693,265	-	18,433	18,433	-
Long term borrowing	1,938,764	1,624,036	483,463	185,281	-
Current tax liabilities	130,819	63,566	53,559	203	-
Total liabilities	**3,991,725**	**1,971,586**	**732,093**	**457,189**	**165,939**
Equity					
Capital and Reserves					
Share capital	10,000	10,000	1,000	1,000	1,000
Capital contribution	232,473	232,473	241,473	241,140	-
(Accumulated losses)/Retained earni	(808,228)	137,227	103,732	(75,473)	(85,244)
Total (liabilities)/equity	**(565,755)**	**379,700**	**346,205**	**166,667**	**(84,244)**
Total equity and liabilities	**3,425,970**	**2,351,286**	**1,078,298**	**623,856**	**81,696**