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eTRANZACT INTERNATIONAL PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

eTRANZACT INTERNATIONAL PLC.

REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

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eTRANZACT INTERNATIONAL PLC

Report of the Directors

For the year ended 31 December 2020

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2020.

Legal form and Principal Activities

The Company was incorporated as a Private Limited Liability Company on 7th May, 2003. It converted and registered as a Public Limited Liability Company on the 25th June 2009 and its shares were listed on The Nigerian Stock Exchange on 7th August, 2009. The Principal activity of the Company is the provision of all facets of electronic payment technology and maintenance services.

Operating Results

The following is a summary of the Company's operating results:

	2020	2019
	₦'000	**₦'000**
Revenue	22,724,284	25,193,379
Gross Profit	1,146,203	2,025,603
Operating (loss)/profit	(2,144,793)	60,321
(Loss)/profit before tax	(1,870,334)	291,605
Income tax expense	(18,658)	(144,570)
(Loss)/profit after tax	**(1,888,992)**	**147,035**

Shareholders With More Than 5% Interest

	December 2020		December 2019	
Name of the Company	**Number of shares**	**%**	**Number of shares**	**%**
eTranzact Global Limited	2,113,903,449	50.33%	2,113,903,449	50.33%
Sybase Nigeria Business Solutions Ltd.	568,014,565	13.52%	568,014,565	13.52%
Blue Account GASL Nominee Ltd.	257,761,669	6.14%	257,761,669	6.14%
Ecobank Transnational Incorporated	240,000,000	5.71%	240,000,000	5.71%
Multi-Harvet Properties Limited	233,000,000	5.55%	233,000,000	5.55%
Access Bank Nig. Plc.	229,477,314	5.46%	229,477,314	5.46%

Share Capital

As at 31 December 2020, the authorised share capital of the Company Four Billion, Six Hundred Million Naira (N4,600,000,000) divided into Nine Billion, Two Hundred Million (9,200,000,000) ordinary shares of 50k each.

Share Capital History

The Company was incorporated in 2003 as a Private Limited Liability Company with an initial authorized share capital of N1,000,000 divided into 1,000,000 ordinary shares of N1.00 each. In 2005, the Company increased its share capital to N350,000,000 divided into 350,000,000 ordinary shares of N1.00 each. In 2008, the Company further increased its share capital to N2,100,000,000 divided into 4,200,000,000 ordinary shares of 50kobo each and was listed on The Nigerian Stock Exchange in 2009.

As at date, the Company has an authorized share capital of N4,600,000,000 divided into 9,200,000,000 ordinary shares of 50kobo each and a paid up share capital of N2,100,000,000 divided into 4,200,000,000 ordinary shares of 50kobo each.

Report of the Directors - Continued
For the year ended 31 December 2020

Directors and their Interests in Shares
The Directors of the Company who held office during the year together with their interests in the shares of the Company at 31 December 2020 are shown below:

Name of Director & Company	31 December 2020			31 December 2019		
	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Mr. Anthony Egbuna (eTranzact Global Limited)	-	2,113,903,449	50.33	-	2,113,903,449	50.33
Mrs Olayimika Phillips (Sybase Business Solutions Limited)	-	568,014,565	13.52	-	568,014,565	13.52
Mr. Victor Etuokwu (Access Bank Plc)	-	229,477,314	5.46	-	229,477,314	5.46
Mr. Wole Abegunde (Meristem Securities Limited)	-	50,400,000	1.20	-	50,400,000	1.20
Mr. Niyi Toluwalope	16,587,618	-	0.39	16,587,618	-	0.39

Directors Interest in Contracts
For the purpose of section 303(1) and (3) of Companies and Allied Matters Act of Nigeria, 2020 (CAMA 2020), all contracts with related parties during the year were conducted at arm's length. Information relating to related parties transactions are contained in Note 31 to the financial statements.

Related Director	Name of Company		Status	Service to the Company
Mr. Wole Abegunde	Meristem Group		Director	Registrars and Stock Brokers
Mr. Anthony Egbuna	eTranzact Global Limited		Director	Platform Provider

Property, Plant and Equipment
Movements in property, plant and equipment for the period are shown in Note 15 in the Financial Statements. In the opinion of the Directors, market value of property, plant and equipment is not less than the value shown in the Financial Statements.

Employment and Employees:

(i) Employment Policy

The Company gives equal opportunity to all applicants including disabled persons. All employees whether or not disabled are given equal opportunity for career growth and development. As at 31 December 2020, no disabled person applied for employment in the Company.

(ii) Health, Safety and Welfare of Employees

The Company places high importance on the health, safety and welfare of its employees. It ensures that the work environment is safe. Employees are entitled to graduated medical allowances. Hazard allowances are also paid to employees who are exposed to hazards in the course of their duties. Other staff benefits which include employers contribution to pension schemes are also implemented.

iii) Employees Involvement and Training

The Company is of the opinion that its employees are an invaluable asset and as such equip them with skills and knowledge necessary to keep them up to date and enhance efficiency on their jobs.

The employees are considerably involved in major policy matters affecting them and are informed on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. All employees are exposed to trainings, workshops and seminars that are necessary to enhance their knowledge and skill. The Company encourages continuing knowledge development of its employees.

Directors' report (cont'd)

Employment and Employees (cont'd)

iii) Employees Involvement and Training

The Company is of the opinion that its employees are an invaluable asset and as such equip them with skills and knowledge necessary to keep them up to date and enhance efficiency on their jobs.

The employees are considerably involved in major policy matters affecting them and are informed on various factors affecting the performance of the Company. This is achieved through formal and informal meetings. All employees are exposed to trainings, workshops and seminars that are necessary to enhance their knowledge and skill. The Company encourages continuing knowledge development of its employees.

Donations

The Company made no donation to any political party, political association or for any political purpose during the year. In compliance with Section 43(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year.

Format of Accounts

The Financial Statements have been prepared in accordance with the standards and requirements of the International Financial Reporting Standards (IFRS). The Directors consider that the format adopted in this account is the most suitable for the Company's purposes.

Independent Auditors

During the year Messers Deloitte and Touche resigned as auditors in line with the Companies and Allied Matters Act's directive on ten years maximum tenor for external auditors of public companies.. Accordingly Messers Ernst & Young were appointed as Auditors and they have indicated their willingness to continue in office as Auditors.

In accordance with section 357(2) of the Companies and Allied Matters Act, 1990 amended in section 401 (CAMA 2020), a resolution was proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

Chidinma Onwubere
PAC SOLICITORS (Company Secretary)
FRC/2015/NBA/00000011359
16, Kofo Abayomi Street,
Victoria Island, Lagos State
Tel: 09099298887, 08063480070
30 March 2021

eTRANZACT INTERNATIONAL PLC
Statement of Directors Responsibilities in Relation to the Preparation of Financial Statements

For the year ended 31 December 2020

For the preparation and approval of the Financial Statements

The Directors of eTranzact International Plc are responsible for the preparation of the financial statements statements that give a true and fair view of the financial position of the Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20,vLaws of the Federation of Nigeria, 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.

• designing, implementing and maintaining an effective and sound system of internal controls throughout the Company Company;

• maintaining adequateaccounting 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.

Going Concern:
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the the next 12 months from the issuance of this statement.
The financial statements of the Company for the year ended 31 December 2020 were approved by the directors on 29 March 2021.

On behalf of the Directors of the Company

Mr. Niyi Toluwalope	**Mr. Wole Abegunde**
Chief Executive Officer	**Chairman**
FRC/2013/ICAN/00000002251	**FRC/2014/CISN/00000010043**

Report of the statutory audit committee
For the year ended 31 December 2020

To the members of eTranzact International PLC

In compliance with Section 404 (7) of the Companies and Allied Matters Act of Nigeria CAMA 2020, we, the members of the Audit Committee of eTranzact International PLC confirm that:

- In our opinion, the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- We reviewed the plan and scope of both the external and internal audit and were satisfied that they reinforce the Company's internal control.
- We reviewed the Audited Financial Statements of the Company and were satisfied with the External Auditors report that they received Management's cooperation and responses in the course of their audit.

Dominic Ichaba
Chairman, Audit Committee
FRC/2014/NBA/00000006264

Dated this 19th day of March 2021

Members of the Audit Committee

1. **Mr. Dominic Ichaba**	-	Shareholder/Chairman
2. **Mr. Robert Ibekwe**	-	Shareholder
3. **Mr. Mathias Dafur**	-	Shareholder
4. **Mr. Afolabi Oladele**	-	Director
5. **Mr. Anthony Egbuna**	-	Director
6. **Dr. Judedavid Mbamalu**	-	Director

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of eTranzact International Plc ('the Company') set out on pages 8 to 56, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of eTranzact International Plc as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting, the provisions of the Companies and Allied Matters Act 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

Key Audit Matter - Continued

procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Loss (ECL) assessment of trade receivables at amortised cost The gross amount of the Company's trade receivable as at 31 December 2020 measured at amortised cost is ₦580 million and the associated expected credit loss (ECL) is ₦304 million. This is considered significant to the financial statements. This was considered a key audit matter as it requires significant judgement to determine the ECL under IFRS 9: Financial Instruments. The simplified approach was applied using the provision matrix method and as such not assessed for significant increase in credit risk. The loss rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The approach also involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as: • Determining loss rate using the historical loss record • Adjusting the loss rate by incorporating forward looking information • Selecting macroeconomic variables that impact receivables This is considered a key audit matter in the financial statements given the level of complexity and judgement involved in the process which required considerable audit time and expertise. ECL assessment is disclosed in Note 22 to the financial statements and note 3.15.1 of the summary of the significant accounting policies.	We performed the following procedures: - Reviewed the IFRS 9 ECL prepared by management for computation of ECL on financial assets in line with the requirements of IFRS 9. • For trade receivables, the Simplified approach was applied using a provision matrix to measure the expected credit losses. We reviewed how the provision rates were determined including the repayment history for possible repayment default and customer segmentation. We assessed the various macro-economic factors considered in incorporating forward looking information and also assigning probability-weights to the multiple scenarios. • We also assessed all the assumptions considered in the estimation of recovery cash flows, the forecast, and assigned probability weights to the scenarios. • We performed detailed procedures on the completeness and accuracy of the information used. • We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7- Financial Instruments: Disclosures.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

Key Audit Matter - Continued

Key Audit Matter	How the matter was addressed in the audit
Recoverability of Deposit for Investment in Shares eTranzact had made a deposit of ₦457 million to Collendus Nigeria Limited representing the expected cost of acquisition of shares in the Company. Collendus has a significant investment in Cowrie Business Solutions Limited, which has bought Fortune Towers, part of which is currently being occupied by eTranzact International Plc. Upon finalization of investment in Collendus Limited, eTranzact International Plc. will indirectly become part owners of Fortune Towers building. Currently, the ownership of the building is subject to litigation, and the conclusion of the investment process is dependent on the outcome of the litigation. Of the ₦457 million, ₦232 million was paid to Cowrie Business Solutions, while the balance of ₦225 million is held in a high interest yielding time deposit account. Our audit focus is around the uncertainty concerning the recoverability of the balance of ₦232 million in the event of an unfavourable outcome of the litigation. Deposit for Shares is disclosed in Note 18 to the financial statements.	We obtained a response from the external solicitors handling the case. They gave a positive view that there would be a favourable outcome of the litigation. The solicitor further mentioned that eTranzact stands a strong position and is shielded from any potential claims.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the 58 page document titled "eTranzact International Plc Annual Report and Audited Financial Statements for the year ended 31 December 2020", which includes the Report of the Directors, Statement of Directors Responsibilities in Relation to the Preparation of Financial Statements, Report of Statutory Audit Committee, Statement of Value Added and Five Year Financial Summary. The other information 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 an audit opinion or any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

Other Information - Continued

financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the 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 have no realistic alternative but to do so.

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 scepticism 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- 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 re

  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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- 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;
- In our opinion, proper books of account have been kept by the Company in so far as it appears from our examination of those books;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ETRANZACT INTERNATIONAL PLC

Report on Other Legal and Regulatory Requirements - Continued

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

Jamiu Olakisan

FRC/2013/ICAN/00000003918

For: Ernst & Young

Lagos, Nigeria

31 March 2021

eTRANZACT INTERNATIONAL PLC

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2020

	Note	2020 N'000	2019 N'000
Revenue	5	22,724,284	25,193,379
Cost of sales	6	(21,578,081)	(23,167,776)
Gross profit		**1,146,203**	**2,025,603**
Selling and marketing costs	7	(68,398)	(73,294)
Administrative expenses	8	(1,112,761)	(827,641)
Employee and other related expenses	29.2	(945,382)	(1,064,347)
Other expenses	8A	(1,047,978)	-
Credit loss expense - Trade Receivables	22.1 & 22.2	(116,477)	-
Operating (loss)/profit		**(2,144,793)**	**60,321**
Investment income	10	155,389	245,103
Interest expense	10	(17,487)	(16,034)
Other operating income	11	136,557	2,215
(Loss)/profit before tax		**(1,870,334)**	**291,605**
Income Tax Expense	13	(18,658)	(144,570)
(Loss)/profit for the year		**(1,888,992)**	**147,035**

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

(Loss)/earnings per share

Basic and diluted (loss)/earnings per share (in kobo)	14	**(45)**	**4**

The accompanying notes form an integral part of these financial statements.

eTRANZACT INTERNATIONAL PLC

Statement of Financial Position
As at 31 December 2020

	Note	31/12/2020 N'000	Restated ** 31/12/2019 N'000	Restated ** 1/1/2019 N'000
Non-current assets				
Property, plant and equipment	15	673,505	555,993	622,404
Investment property	16	302,226	645,917	645,917
Intangible assets	17	163,752	174,264	137,320
Investment in Deposit for shares	18	456,755	456,755	456,755
Total non-current assets		**1,596,238**	**1,832,929**	**1,862,396**
Current assets				
Inventories	21	575,477	507,090	401,048
Trade and other receivables	22	702,520	1,064,057	1,075,193
Other assets	20	262,820	84,770	66,894
Cash and short term deposits	23	3,638,710	3,394,499	3,497,176
Total current assets		**5,179,527**	**5,050,416**	**5,040,311**
Total assets		**6,775,765**	**6,883,345**	**6,902,707**
Non current liabilities				
Deferred taxation	19	-	39,052	27,017
Deferred Grant Income	25	92,596	107,291	-
Long term Loan	25	261,080	263,378	150,000
		353,676	409,721	177,017
Current liabilities				
Trade and other payables	24	7,807,698	5,935,499	6,499,898
Current tax liabilities	13	149,480	198,660	66,125
Deferred Grant Income	25	14,695	12,314	-
Current Portion of Long Term Loan	25	32,506	20,449	-
Total current liabilities		**8,004,379**	**6,166,922**	**6,566,023**
Total liabilities		**8,358,055**	**6,576,643**	**6,743,040**
Equity				
Share capital	26	2,100,000	2,100,000	2,100,000
Share premium account	26.1	646,875	646,875	646,875
Accumulated losses	27	(4,329,165)	(2,440,173)	(2,587,208)
Total equity attributable to owners of the company		**(1,582,290)**	**306,702**	**159,667**
Total equity and Liabilities		**6,775,765**	**6,883,345**	**6,902,707**

**** Further details of the restated balances are disclosed in Note 27.1**

The financial statements were approved by the Board of Directors on 29 March, 2021 and signed on its behalf by:

Mr Niyi Toluwalope
Chief Executive Officer
FRC/2013/ICAN/00000002251

Mr Wole Abegunde
Chairman
FRC/2014/CISN/00000010043

Mr Emmanuel Ogunji
Ag. Chief Financial Officer
FRC/2014/ICAN/00000007266

The accompanying notes form an integral part of these financial statements.

eTRANZACT INTERNATIONAL PLC

Statement of changes in equity
For the year ended 31 December 2020

For the year ended 31 December 2019	Share capital N'000	Share premium N'000	Accumulated losses N'000	Total N'000
Balance at 1 January 2019	**2,100,000**	**646,875**	**(2,587,208)**	**159,667**
Profit for the year	-	-	147,035	147,035
Other comprehensive income	-	-	-	-
Total comprehensive income	**-**	**-**	**147,035**	**147,035**
Balance at 31 December 2019	**2,100,000**	**646,875**	**(2,440,173)**	**306,702**
For the year ended 31 December 2020				
Balance at 1 January 2020	**2,100,000**	**646,875**	**(2,440,173)**	**306,702**
Loss for the year	-	-	(1,888,992)	(1,888,992)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	**-**	**-**	**(1,888,992)**	**(1,888,992)**
Balance at 31 December 2020	**2,100,000**	**646,875**	**(4,329,165)**	**(1,582,290)**

The accompanying notes form an integral part of these financial statements.

eTRANZACT INTERNATIONAL PLC

Statement of cash flows
For the year ended 31 December 2020

	Note	2020 N'000	Restated ** 2019 N'000
Cashflow from operating activities			
Cash receipt from customers		23,085,822	25,204,514
Cash paid to suppliers and employees		(22,810,499)	(25,580,915)
Cash generated from operations		275,323	(376,401)
Interest paid		20,042	16,034
Income taxes paid	13	(106,890)	-
Net cash generated from/(used in) operating activities	30	**188,475**	**(360,367)**
Cashflow from investing activities			
Purchase of property, plant and equipment	15	(369,453)	(143,109)
Additions to Intangible assets	17	(33,832)	(80,484)
Investment income received	10	155,389	245,103
Proceeds from disposal of investment property		315,295	-
Movement in restricted cash balance		267,586	(1,241,692)
Movement in fixed deposit with maturity of more than 3 months at year end		(642,535)	(1,099,282)
Proceeds from sale of property, plant and equipment		762	2,297
Net cash used in investing activities		**(306,789)**	**(2,317,167)**
Dividend paid to shareholders during the year	27	-	-
Interest paid		(20,042)	(16,034)
Loan obtained	25	-	250,000
Net cash (used in)/generated from financing activities		**(20,042)**	**233,966**
Net decrease in cash and cash equivalents		(138,356)	(2,443,568)
Effects of exchange difference		7,617	(82)
Cash and cash equivalents at 1 January		1,053,525	3,497,175
Cash and cash equivalents at at 31 December	23	**922,786**	**1,053,525**

**** Further details of the restated balances are disclosed in Note 27.1**

eTRANZACT INTERNATIONAL PLC

Notes to the financial statements
For the year ended 31 December 2020

1.0 Description of business

eTranzact International Plc. was incorporated as a Private Limited Liability Company in 2003. It became a Public Limited Liability Company in 2009 and has since been quoted on The Nigerian Stock Exchange. The majority shareholder is eTranzact Global, a company incorporated in British Virgin Islands, with a shareholding of 50.33% while the remaining shareholding is held by diverse group of shareholders including institutional investors.

The Company is a payment technology provider principally engaged in the processing of all facets of electronic payment transactions using its switching platform. It also provides maintenance and software development services. The swithcing platform processes transactions across various channels which includes:

- Mobile Phones (GSM, CDMA or Analog)
- Web (using any internet browser in a secured transaction)
- POS (Point of Sale)
- ATM (Automated Teller Machines)
- Other mobile devices
- Bank branches

1.1 Composition of financial statements

The financial statements of the Company consist of the following:

• 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

1.2 Financial period

These financial statements cover the financial year ended 31 December 2020, with comparative amounts for the financial year ended 31 December 2019 and 1 January 2019 for Statement of Financial Position only.

1.3 Going concern

The directors consider it appropriate to prepare these financial statements on the basis of accounting policies applicable to a going concern.

1.4 Functional Currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousands (N'000), except when otherwise indicated.

2 Application of new and revised International Financial Reporting Standard (IFRS)

The following standards issued by the International Accounting Standards Board (IASB) have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2020.

2.1 Amendments to IFRS that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

Pronouncement	Nature of change / Impact	Impact
Amendments to IFRS 3: Definition of a Business	The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.	We have reviewed the amendments to the IFRS and no impact was identified on the Company's financial statements
Amendments to IAS 1 and IAS 8 Definition of Material	The amendments provide a new definition of material that states, “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.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company..	We have reviewed the amendments to the IFRS and no impact was identified on the Company's financial statements

2.1 Amendments to IFRS that are mandatorily effective for the current year (cont'd)

Pronouncement	Nature of change / Impact	Impact
Conceptual Framework for Financial Reporting	The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.	These amendments had no impact on the financial statements of the Company.
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.	These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

eTRANZACT INTERNATIONAL PLC

Notes to the financial statements
For the year ended 31 December 2020

2.2 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that may be applicable to the Company were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, early adoption is permitted, the Company has elected not to early adopt any of them in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	Nature of change / Impact	Applicable on or after
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profitor lossonly to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss. The effective date of the amendment is to be determined by the IASB.	To be determined
Amendments to IFRS 16 COVID-19 Related Rent Concessions	On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.	1 June 2020
IFRS 17 Insurance Contracts	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.	1 January 2023

2.2 Accounting standards and interpretations issued but not yet effective - Continued

Pronouncement	Nature of change / Impact	Applicable on or after
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. porting period beginning on or after 1 January 2020, with early application permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.	1 January 2023
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.	1 January 2022

The following other standards/amendments issued but not yet effective will not have impact on the Company: Reference to the conceptual Framework - Amendments to IFRS 3, Onerous Contracts - Cost of Fulfilling a Contract Amendments to IAS 37, Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 and IAS 41 Agriculture – Taxation in fair value measurements.

3. Significant accounting policies

3.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant provisions of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

3.2 Basis of preparation and measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

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 in the next year are discussed in note 4.

3.3 Revenue

The Company recognises revenue from the following major sources:
- Mobile purchases of airtime, service and transaction fees on mobile devices
- Commissions earned on the usage of the switching platform; and
- Maintenance fee and other support fees for one-off transactions.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.
- For mobile airtime sales, control of virtual airtime is transferred to the customer at the point where the customer's mobile line is credited with the corresponding value that was paid for by the customer.
- For other switching services, control is transferred to the customer at the point when a transaction is confirmed to the successful and monetary value has been exchanged from the initiator to the receipient/beneficiary.

3.3.1 Fee and commission income

The Company earns fee and commission income from a diverse range of payment and switching services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company’s revenue contracts do not include multiple performance obligations.

When the Company provides a service to its customers, consideration is generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

3.3.2 Mobile airtime sales

The Company earns from the sales of virtual airtime to customers. The Company being an intermediary between the telecom companies and the end users, sells virtual airtime by crediting the customer's mobile line with a value corresponding to the amount that has been paid by theb customer.

The Company recognises revenue at the point then the customer's mobile line is successfully credited with the value. It is also at this point that the control of the airtime is deemed to have been passed to the customer.

3.3.1 Interest Income

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost.
The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.3.2 Dividend Income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the company and the amount of income can be measured reliably).

3.4 Segment reporting

The Company's business segments are presented based on the information reported to the chief operating decision maker for resource allocation and performance assessment.

3.5 Foreign currency translation

The financial statements of eTranzact are presented in Naira, which is the company's functional 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 each reporting date.

Any resulting exchange differences are included in other operating income in profit or loss.

Exchange differences arising on the settlement of monetary items are included in the profit or loss for the year.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.6.1 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 because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.7 Earnings per share

Earnings per share is calculated by dividing net income by the number of ordinary shares in issue during the period.

3.8 Employee Benefits

3.8.1 Defined Contribution Plans

Payments to defined contribution retirement benefit plans are recognised as an expense in the period in which employees have rendered services entitling them to the contributions. The percentage contribution by staff and employer are 8% and 10% respectively in line with Pensions Reform Act 2014

3.8.2 Other employee benefits

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

3.8.3 Termination benefits

Terminal benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3.9 Inventories

Inventory of Cards and SMS Printers are measured at the lower of cost and net realizable value using the First-In-First-Out (FIFO) Method. Net realizable value represents the estimated selling price for inventories less estimated cost to make the sale.

Airtime cost is is valued at the cost of acquistion from the telecommunication operators.

3.10 Property plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, 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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on other assets is charged to the profit or loss using the straight-line method so as to write off the cost less their residual values over their estimated useful lives on the following bases:

	Useful Life (years)
Motor Vehicles	5
Plant and machinery	5
Furniture, fittings and office equipment	5
Computer Equipment	3

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefitcs are expected from its use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss under other operating income.

3.11 Investment property

Investment properties comprise land held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties which comprise only land are measured at cost and are not depreciated. Gains and losses arising from disposal of investment properties are included in profit or loss in the period in which they arise.

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

3.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software Costs

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

Costs that are directly associated with identifiable and unique software products controlled by the company and are expected to generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Expenditure which enhances or extends the perfromance of computer software programs beyond their original specifications are capitalised and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight-line method over their expected useful lives.

eTranzact Enterprise Software

In 2011 and prior years, the company's management had assessed the useful life of the original eTranzact enterprise software in line with that assessed at the start of its use, of 15 years. At 31 December 2012, the company's management determined that the life of the original software will extend beyond the remaining useful life of 8 years, and have estimated that the software will remain useful for at least a further 18 years (25 years since initial implementation). Hence a remaining useful of life of 18 years has been adopted.

eRemit Platform

In 2011 and prior years, the company's management had assessed the useful life of the UK e-Remit Platform in line with that assessed at the start of its use, as 15 years. As at 31 December 2012, the company's management determined that the life of the original software will extend beyond the remaining useful life of 12 years, and have estimated that the software will remain useful for at least a further 22 years (25 years since initial implementation). Hence a remaining useful of life of 22 years from 2012 has been adopted.

Other Software

Other software costs are amortised using the straight-line method over their estimated useful lives, but not exceeding a period of three years.

3.12.2 Internally-generated intangible assets - Research and development expenditure

- **Research expenditure**
  Expenditure on research activities is recognised as an expense in the period in which it is incurred.

- **Development expenditure**
  An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised when all of the following have been demonstrated:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b. the intention to complete the intangible asset and use or sell it;
c. the ability to use or sell the intangible asset;
d. how the intangible asset will generate probable future economic benefits;
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.12.3 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.12.3 Derecognition of intangible assets (continued)

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) 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 provisions is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of thise cashflows (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.

3.15 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities 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.

3.15 Financial Instruments (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

The Company only has financial asset measured at amortised cost which includes cash and bank balances, loans to staff and trade receivables.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

3.15.1 Financial assets

Subsequent measurement

For purposes of subsequent measurement, the only category of financial assets the Company has is financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost which include bank balances and loans to staff, are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Due to the short term nature of trade receivable, it is subsequently measured at invoice value less impairment.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in hand 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.

- **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL for trade receivables. The expected credit losses on this financial asset are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

- **Derecognition 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.

  On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

  On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss.

3.15.2 Financial Liabilities

The only financial liability the Company has is financial liability at amortised cost (loans and borrowings).

- **Financial liabilities at amortised cost (loans and borrowings) including trade payables**

  This is the category most relevant to the Company.

  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 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 interest expense in profit or loss.

  Due to the short term nature of trade payables, it is subsequently measured at the invoice value until settlement.

- **Derecognition of financial liabilities**

  The Company derecognises 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.

3.16 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is recognised as income over the periods that the related costs, for which it is intended to compensate, are expensed. The Company consider the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of theloan is intended to compensate.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, described in note 3, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2 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.

4.1.1 Going Concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4.2 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.

4.2.1 Useful life of intangible assets

Intangible assets comprise mainly of the eTranzact Switching platform and the eRemit Remittance platform. As decribed in Note 3 to the financial statements, management is required to assess the remaining useful lives of intangibles assets at the end of each reporting period. Such assessment is subjective and involves a significant element of judgment, and the resultant estimate may or may not be borne out by future events. The effect on the financial statements of this assessment impacts the carrying value of intangible assets and profit for the year. Management have determined that there was no charge to the profit for the year in 2020.

4.2.2 Allowance for expected credit losses of trade receivables.

The Company uses a provision matrix to calculate ECLs for trade receivables. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

eTRANZACT INTERNATIONAL PLC

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For the year ended 31 December 2020

5 Revenue

An analysis of the company's revenue is as follows:	31/12/2020	31/12/2019
	N'000	N'000
Mobile Sales (Note 5.1)	21,275,828	23,336,258
Other commissions	892,500	1,169,542
Remittance related income	348,092	431,154
Maintenance and support services, software development and others	207,864	256,425
	22,724,284	**25,193,379**

The revenue is further disaggregated based on the timing of revenue recognition

Mobile Sales	31/12/2020	31/12/2019
	N'000	N'000
Goods/Services transferred at a point in time	21,275,828	23,336,258
Services transferred over time	-	-
	21,275,828	**23,336,258**

Other commissions	31/12/2020	31/12/2019
	N'000	N'000
Goods/Services transferred at a point in time	892,500	1,169,542
Services transferred over time	-	-
	892,500	**1,169,542**

Remittance related income	31/12/2020	31/12/2019
	N'000	N'000
Goods/Services transferred at a point in time	348,092	431,154
Services transferred over time	-	-
	348,092	**431,154**

Maintenance and support services, software development and others	31/12/2020	31/12/2019
	N'000	N'000
Goods/Services transferred at a point in time	170,742	223,394
Services transferred over time	37,122	33,031
	207,864	**256,425**

5.1 Mobile Sales represent proceeds from virtual airtime and air pin sales.

6 Cost of sales

Mobile purchases	21,078,965	22,880,308
Direct commission cost	380,405	199,778
Other direct costs	118,711	87,690
	21,578,081	**23,167,776**

7 Selling and marketing

Branding/media advertisement	50,580	46,001
Marketing and promotion	17,818	27,293
	68,398	**73,294**

8 Administrative expenses

Directors fees and expenses (Note 29.1)	160,696	191,650
Depreciation (Note 15)	251,941	209,520
Audit fees	15,000	18,000
Legal and professional fees	109,582	75,947
Other operating expenses (Note 8.1)	360,795	332,524
Impairment loss on investment property	156,574	-
Statutory fees for increase in authorised share capital	56,274	-
Penalty for Late Submission of Financial Statements (Note 8.2)	1,900	-
	1,112,761	**827,641**

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8.1 Other operating expenses

Other operating expenses represent travelling and accommodation cost, repairs and maintenance cost and other staff welfare cost.

8.2 Penalty for Late Submission of Financial Statements

Penalty for late submission of financial statements represents payment to the Nigerian Stock Exchange (NSE) for penalty for default filing of Q2 unaudited financial statements for the period ended 30 June 2020.

8A Other expenses

This relates to additional provision for Fraud Asset in relation to a portion of N11.49 billion fraud reported by First Bank Nigeria PLC (FBN) on March 8th, 2018, involving Smart Micro Systems Limited (SM), a merchant on-boarded to the eTranzact Fundgate platform as an aggregator for Micro Finance Banks. As directed by CBN in a letter issued on March 13, 2019 the net liability was shared equally between eTranzact International Plc and First Bank of Nigeria Plc at N5.75 billion. Also, the sum of N5.95 billion recovered from Smart Micro System Limited was shared equally and used to reduce the impact of the liability. In 2018, 2.773 billion was recognised as provision for fraud aset while eTranzact's portion of the recovered assets, estimated at 2.976 billion was further used to defray the total liability of 5.749 billion.

The recovered assets included landed properties and other assets such as vehicles, which are not readily convertible to cash. Hence, it became imperative for the Company in 2020 to recognise additional provision for fraud asset of 1.048 billion to reflect the actual liability to First Bank of Nigeria.

9 Segment Reporting

9.1 Products and services from which reportable segments derive their revenues

Information reported to the entity's Chief Executive for the purposes of resource allocation and assessment of segment performance is focused on the category of products for each type of activity. The principal categories are pin sales, commissions, point of sales machines and maintenance and support services, software development and others. The entity’s reportable segments under IFRS 8 are therefore as f ll

Segments

Mobile
Other commissions
Maintenance and support services, software development and others

9.2 Segment Revenue and results

	31/12/2020		
	Segment Revenue	**Cost of sales**	**Gross Profit**
	N'000	**N'000**	**N'000**
Mobile purchases	21,275,828	(21,078,965)	196,863
Other commissions	892,500	(380,405)	512,095
Maintenance and support services, software development and others	555,956	(118,711)	437,245
	22,724,284	**(21,578,081)**	**1,146,203**

			31/12/2019
	Segment Revenue	**Cost of sales**	**Gross Profit**
	N'000	**N'000**	**N'000**
Mobile purchases	23,336,258	(22,880,308)	455,950
Other commissions	1,169,542	(199,778)	969,764
Maintenance and support services, software development and others	687,579	(87,690)	599,889
	25,193,379	**(23,167,776)**	**2,025,603**

There was no intersegment transaction as all revenue generated above was from external customers.

The accounting policies of the reportable segments are the same as the company's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of general operating expenses, other gains and losses recognised on investment income, other operating income as well as finance costs.

This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

9.3 Business and geographical segments

The Company operates in one geographical area.

9.4 Segment assets and liabilities

All assets and liabilities are jointly used by the reportable segments.

Impairment loss on land of N156.574 million does not relate specifically to any of the segments of the business

eTRANZACT INTERNATIONAL PLC

Notes to the financial statements
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10 Investment income

	31/12/2020 N'000	31/12/2019 N'000
Interest income:		
Bank deposits (calculated using Effective Interest Rate method)	155,389	245,103
Interest expense:		
Finance Expenses		
Interest expense on CBN's Shared Agent Network Expansion Facilities (SANEF) Loan calculated using Effective Interest Rate	42,613	33,051
Modification gain on remeasurement of financial liability (Note 30)	(12,812)	-
Grant Income on SANEF Loan calculated using Effective Interest Rate	(12,314)	(17,017)
Net interest expense	17,487	16,034

11 Other Operating Income

Gain on disposal of property, plant and equipment	762	2,297
Gain on disposal of Investment Property	128,178	-
Exchange gain/(loss)	7,617	(82)
	136,557	**2,215**

12 Profit for the year is arrived at after charging:

Directors' remuneration	160,696	191,650
Auditors' remuneration	15,000	18,000
Depreciation	251,941	209,520
Amortisation of intangible assets	44,344	43,540

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13 Taxation

13.1 Income tax recognised in profit or loss

	31/12/2020	31/12/2019
	N'000	N'000
Current tax		
Current tax expense in respect of the current year:		
Minimum tax	57,710	125,967
Education tax	-	6,568
	57,710	132,535
Deferred tax		
Deferred tax (income)/expense for current year	(39,052)	12,035
Total income tax expense recognised in current year for continuing operations	**18,658**	**144,570**

Corporation tax is calculated at 30 per cent (2019: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2 per cent (2019: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

Reconciliation of income tax expense for the year to the accounting profit as per profit or loss:

	31/12/2020	31/12/2019
	N'000	N'000
(Loss)/profit before tax on continuing operations	(1,870,334)	291,605
Tax at the statutory corporation tax rate of 30% (2019: 30%)	(561,100)	87,482
Effect of:		
Effect of exempted income from taxation	(1,678,250)	(75,447)
Effect of exempted expenses from taxation	609,605	-
Effects of education tax	-	6,568
Effects of Minimum tax	57,710	125,967
Unrecognised tax losses for the current year	1,590,693	-
Income tax expense recognised in profit or loss for continuing operations	**18,658**	**144,570**

13.2 Current tax liabilities

At 1 January	198,660	66,125
Charged for the year	57,710	132,535
Payments during the year	(106,890)	-
At 31 December	**149,480**	**198,660**

14 (Loss)/earnings per share

(Loss)/earnings per share are calculated on the basis of profit after taxation and the number of issued and fully paid ordinary shares of each financial year.

	31/12/2020	31/12/2019
Earnings from continuing operations		
(Loss)/earnings per share attributable to owners of the Company	(1,888,992)	147,035
Number of shares '000		
Number of ordinary shares for the purposes of basic earnings per	4,200,000	4,200,000
(Loss)/earnings per share (Kobo) - Basic	**(45)**	**4**

The denominators for the purposes of calculating both basic (Loss)/earnings per share is based on issued and paid ordinary shares of 50 kobo each.

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15 Property, plant and equipment

	Motor vehicles N'000	Plant and machinery N'000	Furniture, fittings and office equipment N'000	Capital work in progress N'000	Computer equipment N'000	Total N'000
Cost or Valuation						
At 1 January 2019	**352,347**	**74,036**	**841,398**	**-**	**122,457**	**1,390,238**
Additions	5,000	-	37,363	48,855	51,891	143,109
Reclassification	-	-	3,950	(3,950)	-	-
Disposals	(26,145)	-	(2,049)	-	-	(28,194)
At 1 January 2020	**331,202**	**74,036**	**880,662**	**44,905**	**174,348**	**1,505,153**
Additions	250,500	7,000	62,349	7,000	42,604	369,453
Reclassification	-	-	51,905	(51,905)	-	-
Disposals	-	(3,974)	(471)	-	-	(4,445)
At 31 December 2020	**581,702**	**77,062**	**994,445**	**-**	**216,952**	**1,870,161**
Accumulated depreciation						
At 1 January 2019	**166,896**	**43,262**	**465,261**	**-**	**92,415**	**767,834**
Charge for the year	52,831	14,619	119,739	-	22,331	209,520
Disposals	(26,145)	-	(2,049)	-	-	(28,194)
At 1 January 2020	**193,582**	**57,881**	**582,951**	**-**	**114,746**	**949,160**
Charge for the year	89,707	12,712	113,682	-	35,840	251,941
Disposals		(3,974)	(471)	-	-	(4,445)
At 31 December 2020	**283,289**	**66,619**	**696,162**	**-**	**150,586**	**1,196,656**
Carrying amount						
At 31 December 2020	**298,413**	**10,443**	**298,283**	**-**	**66,366**	**673,505**
At 1 January 2020	**137,620**	**16,155**	**297,711**	**44,905**	**59,602**	**555,993**

15.1 Impairment losses recognised in the year

There were no impairment losses recognised during the year.

15.2 Contractual commitments

At 31 December 2020, the Company had no contractual commitments for the acquisition of property, plant and equipment

15.3 Assets pledged as security

At 31 December 2020, the Company had none of its assets pledged as security (31 December 2019: Nil)

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16 Investment property

	31/12/2020	31/12/2019
	N'000	N'000
Land		
Cost	645,917	645,917
Impairment loss	(156,574)	-
Disposals	(187,117)	-
Carrying Cost	**302,226**	**645,917**

The Company's investment property is held under leasehold interest (the certificate of occupancy is subject to renewal every 99 years in line with the Lagos State Land Use Act). The properties (lands) are located in Victoria Garden City, and Mayfair Garden Ibeju Lekki. The land/property falls under the definition of an investment property as it is being held for undetermined future use.

Investment property is recognised at cost in the books and subsequently tested for impairments. The valuation of the property (lands) is carried out annually and this was done by external independent valuers, Knight Frank (FRC/2013/0000000000584)

The fair value of remaining investment property as at 31 December 2020 was estimated at N352m (2019: N745m). The fair value has been determined by the management of the company by reference to professional valuation and market evidence of transaction prices for similar properties in comparable areas. The negative economic environment during the year caused by the impact of COVID 19 led to the significant reduction in fair value of the land.

The property (land) located in Victoria Garden City was impaired as the carying cost exceeded the fair value/net realisable value after a professional valuation of the properties was done to ascertain the current estimated value (based on obtainable market information) of the properties

The recoverable amount of the land that is impaired of N265,761,320 as at 31 December 2020 has been determined based on fair value less cost of disposal. The fair value of the land was determined using Market Comparison approach which makes reference to the price obtained from the sale of comparable properties; however, allowing for necessary adjustments to account for variations between the subject properties and the comparable properties.

This involved our analyses of available evidence of sales transactions and listings on comparable plots within Victoria Garden City.

The fair value of the land is categorised within level 3 in the fair value hierarchy.

Significant unobservable valuation input:

	Range
Price per square metre	N94,444 - N140,950

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

At 31 December 2020, the carrying value of the remaining investment property was N302m (2019, N646m).

While the fair value of the two impaired land is N289 million, the fair value less cost of disposal is N266 million. The carrying value of the remaining land of N302 million at 31 December 2020 above consists of the recoverable value of the two land in Victoria Garden City (VGC) of N266 million and the cost of the three plots of land in Mayfair Garden being N36 million.

Notes to the financial statements
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17 Intangible assets

This represents the cost incurred in acquiring e-portal and other technologies which form the basis of the Company's e-payment Technology solutions.

	eTranzact enterprise platform	eRemit platform	Other softwares	Total
	N'000	N'000	N'000	N'000
Cost				
At 1 January 2019	293,510	105,858	134,973	534,341
Additions for the year	-	-	80,484	80,484
At 1 January 2020	293,510	105,858	215,457	614,825
Additions for the year	-	-	33,832	33,832
At 31 December 2020	**293,510**	**105,858**	**249,289**	**648,657**
Amortisation				
At 1 January 2019	216,165	59,583	121,273	397,021
Charge for the year	13,108	4,234	26,198	43,540
At 1 January 2020	229,273	63,817	147,471	440,561
Charge for the year	13,108	4,234	27,002	44,344
At 31 December 2020	**242,381**	**68,051**	**174,473**	**484,905**
Carrying amount				
At 31 December 2020	**51,129**	**37,807**	**74,816**	**163,752**
At 31 December 2019	**64,237**	**42,041**	**67,986**	**174,264**

17.1 Significant intangible assets

In line with the IFRS reporting and disclosure standards, management has reviewed in detail the intangible assets and is of the opinion that the useful life of the Enterprise software platform and eRemit platform should be 25 years from its original implementation and this has been adjusted accordingly in 2012 which was the year of assessment. The carrying amounts of eTranzact enterprise software of N51.13m (31 December 2019: N64.24m) will be fully amortised in 3 years and 11months, the eRemit platform with a carrying amount of N37.81m (31 December 2019: N42.04m) will be fully amortised in 8 years and 11 months while that of other software of N74.82m (31 December 2019: N67.99m) will be fully amortised at the end of their individual span.

18 Investment in Deposit for Shares

	31/12/2020	31/12/2019
	N'000	N'000
At 1 January	456,755	456,755
Additions during the year	-	-
Drawdown during the year	-	-
	456,755	**456,755**

Deposit for shares represents investment in Collendos Nigeria Limited, the SPV warehousing all the contributions of the current tenants of the Fortune Towers building that agreed to come together as owners of the Fortune Towers office complex building. Collendos Limited will invest all monies collected from the tenants into Cowrie Investments Limited, the owner of the Fortune Towers building. All investors in Collendos Limited will be part owners of the Fortune Towers building and will own equity as a percentage of the floor space acquired/paid for. In 2012, eTranzact made its first contribution to Collendos to the tune of N232m which represents 50% of the total value for the 2 floors it currently occupies. During the year ended 31 December 2016, the board approved that the company acquire additional 3 floors of office space which will be represented by increase in the investment in Collendos. The amount of N675m paid out in 2016 as additions represents the 50% balance on the initial 2 floors purchased in 2012 and the 100% payment for the additional 3 floors acquired in 2016. Collendos made a refund of N450 million to the Company in 2018, pending the time the litigation involving Cowrie Investments Limited (owner of the Fortune Towers building) will be decided by the court of law. The N450 million will be repaid by eTranzact International Plc subject to the outcome of the court case. The refund of 450 million does not connote the loss of ownership or entitlement to any of the floors currently held. eTranzact still maintain a right of first offer to the floors and the refund was only made because Collendos has been investing the deposit as they are unable to finalize acquisition due to the litigation involving Cowrie Investments Limited.

19 Deferred taxation

	31/12/2020	31/12/2019
	N'000	N'000
Deferred tax liabilities	-	39,052

19.1 Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax liabilities after offset presented in the Statement of Financial Position:

31 December 2020

	At 1 January	Recognised in profit or loss	At 31 December
	N'000	N'000	N'000
Deferred tax assets in relation to:			
Property, plant & equipment	119,145	(119,145)	-
Provisions	(78,867)	78,867	-
Unrealised foreign exchange loss	(1,226)	1,226	-
	39,052	(39,052)	-

31 December 2019	At 1 January	Recognised in profit or loss	At 31 December
	N'000	N'000	N'000
Deferred tax assets in relation to:			
Property, plant & equipment	75,401	43,744	119,145
Provisions	(78,867)	-	(78,867)
Unrealised foreign exchange loss	30,483	(31,709)	(1,226)
	27,017	12,035	39,052

The Company has tax losses of N430 million and unused tax credit (capital allowance not utilised) of N384 million that are available indefinitely for offsetting against future taxable profits of the Company. The Company also has deductible temporary difference of N4.36 billion not used as at 31 December 2020.

Deferred tax assets have not been recognised in respect of the above tax losses, unused tax credit and deductible temporary difference as it is not probable that the related deferred tax assets will be recovered in the near future and there are no other tax planning opportunities or other evidence of recoverability in the near future.

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		31/12/2020	31/12/2019
20	**Other assets**	**N'000**	**N'000**
	Prepayments (Note 20.3)	250,477	71,580
	Long term prepayments	-	847
	Other assets (Note 20.1)	84,259	84,259
	Fraud assets (Note 20.2)	3,821,102	2,773,124
		4,155,838	2,929,810
	Allowance for other assets	(71,916)	(71,916)
	Allowance for Fraud assets	(3,821,102)	(2,773,124)
		262,820	**84,770**

Allowance for other assets	**31/12/2020**	**31/12/2019**
	N'000	**N'000**
Balance at 1 January	71,916	71,916
Charge to profit or loss	-	-
Utilisation during the year	-	-
Balance at 31 December	**71,916**	**71,916**

20.1 N71million out of the total Other assets balance represents amounts recoverable from the banks on unauthorized withdrawals on the reloadable customers float account in various banks, which were initially refunded by eTranzact pending the outcome of investigations into the cases. The amounts are yet to be recovered from the banks and full provision was made against the amounts.

Allowance for Fraud assets	**31/12/2020**	**31/12/2019**
	N'000	**N'000**
Balance at 1 January	2,773,124	2,773,124
Charge to profit or loss	1,047,978	-
Utilisation during the year	-	-
Balance at 31 December	**3,821,102**	**2,773,124**

20.2 Fraud assets relates to the balance of the total value of assets that is expected to be recovered from Smart Micro Systems Limited as settlement of the liability to First Bank of Nigeria for fraudulent transactions. The balance of 3.82 billion is highly unlikely to be recovered from Smart Micro Systems Limited, hence the full provision for the fraud asset.

20.3 Prepayments relate to prepaid insurance - 9.5 million, prepaid rent - 7.0 million, other prepayments - 18.3 million, and advance payment for rights issue - 116.7 million, advance payment to vendor for POS devices - 26.2 million, advance payment for data analytics project - 10.4 million and other advance payments for on-going project implementations - 62.6 million

21	**Inventories**	**31/12/2020**	**31/12/2019**
		N'000	**N'000**
	Virtual airtime	570,759	500,083
	Bulk SMS	2,415	227
	Mastercard	2,304	6,780
		575,477	**507,090**

21.1 The cost of inventories recognised as an expense during the year in respect of continuing operations was N21.08b (2019: N22.9b). The N21.08 billion represents the total cost of virtual airtime and pins that were sold during the year.

22	**Trade and other receivables**	**31/12/2020**	**31/12/2019**
		N'000	**N'000**
	Trade receivables	580,334	509,995
	Impairment loss based on ECL Rate	(303,748)	(190,973)
		276,586	319,022
	Other receivables		
	Staff debtors (Note 22.2)	95,161	70,080
	Other debtors	330,773	341,088
	Due from related parties (Note 31)	-	333,867
		702,520	**1,064,057**

Other debtors represents other receivables from banks for invalid debits – N233.9m (2019: 249.6m), withholding tax receivable – N95.8m (2019: 89.4m) and cash advance – N1.1m (2019: 2.1m).

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

22.1 Trade receivables

As part of the company's function as a Transaction switching platform, the company processes transactions on behalf of partner banks and partner merchants and as such we settle transaction value and transaction income to banks and merchants on a daily basis for services routed through the platform. On a periodic basis the company will evaluate partner banks and partner merchants whose outstanding receivables are long overdue and will take the necessary steps to recover all outstanding balances due to us by withholding transaction income that should be settled to them up to the amount we are owed. This helps management recover outstanding balances.

Before accepting any new customer, the company uses an internal credit process to assess the potential customer's credit quality and defines credit limits by customer.

The following table details the risk profile of trade receivables based on the entity's provision matrix. As the company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the entity's different customer segments.

2020	**Expected Credit Loss Rate**	**Estimated total gross carrying amount at default (N'000)**	**Adjusted Balance (N'000)**	**Expected Credit Loss (Average Weighted based on Scenarios) (N'000)**
0-180 days	39%	105,259	105,259	41,569
180-365 days	63%	43,055	43,055	26,971
> 365 days	100%	432,019	235,207	235,207
Total		**580,334**	**383,522**	**303,748**

2019	**Expected Credit Loss Rate**	**Estimated total gross carrying amount at default (N'000)**	**Adjusted Balance (N'000)**	**Expected Credit Loss (Average Weighted based on Scenarios) (N'000)**
0-180 days	29%	169,829	70,523	20,427
180-365 days	46%	-	-	-
> 365 days	94%	340,166	180,534	170,546
Total		**509,995**	**251,057**	**190,973**

Reconciliation of allowance for receivables	**31/12/2020 N'000**	**31/12/2019 N'000**
At 1 January	(190,973)	(190,973)
Impairment losses recognised	(112,775)	-
Amounts written off during the year as uncollectible	-	-
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
At 31 December	**(303,748)**	**(190,973)**

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

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		31/12/2020	31/12/2019
22.2	**Staff debtors**	**N'000**	**N'000**
	Staff debtors	100,305	71,521
	Allowance for staff debtors	(5,144)	(1,442)
		95,161	**70,080**

	31/12/2020	31/12/2019
	N'000	**N'000**
At 1 January	(1,442)	(1,442)
Impairment losses recognised	(3,702)	-
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
At 31 December	**(5,144)**	**(1,442)**

23 Cash and short term deposits

For the purposes of the statement of cash flows, Cash and short term deposits include cash on hand and in banks, short term investments with an original maturity of three months or less, net of outstanding bank overdrafts. Cash and short term deposits at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	31/12/2020	31/12/2019
	N'000	**N'000**
Cash and bank balances	774,166	816,737
Restricted Cash (Pocketmoni Schemes and GTB TSS) (Note 23.2)	974,106	1,241,692
Short term investments	1,890,438	1,336,070
	3,638,710	**3,394,499**

Cash and cash equivalents

For the purpose of the statement of cash flows. The balance in this will consist of the following:

	31/12/2020	31/12/2019
	N'000	**N'000**
Cash and bank balances	774,166	816,737
Short term investment (within 3 months maturity) (Note 23.1)	148,621	236,788
	922,786	**1,053,525**
Short term investment (with more than 3 months maturity as at year end)	**1,741,818**	**1,099,282**

The carrying amount of these assets is approximately equal to their fair value.

23.1 Short term investment

These represents cash held in fixed deposits in various banks. These investments are placed in short term deposits and are continuously rolled over throughout the year.Funds held for Pocketmoni Schemes represent the balance of Pocketmoni schemes and Babcock card schemes. The balances (which is the total of individual card-holder balance) resides in the Zenith Bank Pocketmoni account and Access Bank Babcock account as restricted funds.

23.2 Restricted Cash (Pocketmoni Schemes and GTB TSS)

Restricted Cash represents the balance of Pocketmoni schemes and Babcock card schemes. The balances (which is the total of individual card-holder balance) resides in the Zenith Bank Pocketmoni account and Access Bank Babcock account as restricted funds. Restricted Cash also consists of the balance of the GTB Transaction Settlement Suspense (TSS) account which is funded by the Company for the purpose of transactions to GTB

24 Trade and other payables

	31/12/2020	31/12/2019
	N'000	N'000
Trade payable (Note 24.1)	133,212	92,709
Accruals	531,834	377,016
Due to Related Parties	905	596
Customers deposit	63,721	54,326
Funds held for Pocketmoni Schemes (Note 24.4b)	458,011	116,833
Pension contribution (Note 24.5/28.1)	37,070	30,400
Other statutory payables (Note 24.2)	376,937	389,244
Other payables (Note 24.3)	2,413,521	2,029,174
Payables to First Bank of Nigeria (Note 24.4)	3,641,102	2,723,124
Other creditors	151,385	122,077
	7,807,698	**5,935,499**

24.1 Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 7 days. The bulk of the trade payable balance relates to credit order/purchase of airtime, which was settled within the first week of the subsequent year. The Company has financial risk management policies in place as well as efficient and effective treasury management policies to ensure that all payables are paid within the pre-agreed credit terms.

24.2 Included in other statutory payables is an amount of about N225.3m (2019: N209.5m) which represents VAT payable. This amounts are withheld from proceeds from sales to third parties and commissions earned on switching transactions performed on the platform. The balance also includes N100.3m (2019: N123m) which represents PAYE payable, N25.9m (2019: N37.2m) which represents Withholding Tax Payable and N25.5m (2019: N19.5m) which represents National Housing Fund (NHF) Payable.

24.3 Other payables is made up of unutilized third party float balances temporarily used by the Company to fund the Transaction Settlement Suspense (TSS) shortfall usually experienced during the end of year holidays. These balances are refunded in the new-year once the banks open and transactions that occurred during end of year holiday period are settled.

24.4 Payables to First Bank of Nigeria represent the balance due to First Bank of Nigeria as a result of the fraudulent transactions by Smart Micro Systems Limited. eTranzact's portion of the recovered assets from Smart Micro Systems Limited was transferred to First Bank of Nigeria Plc, to reduce the balance payable to First Bank. The value of the transferred asset to First Bank of Nigeria Plc is ₦ 1.93 billion and a total repayment of ₦ 180 million has been paid as at the reporting date, hence the balance due to First Bank of Nigeria is ₦ 3.64 billion.

24.4b Funds held for Pocketmoni Schemes represent the balance of Pocketmoni schemes and Babcock card schemes. The balances (which is the total of individual card-holder balance) resides in the Zenith Bank Pocketmoni account and Access Bank Babcock account as restricted funds.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

24.5 Pension contribution

	31/12/2020	31/12/2019
	N'000	N'000
At 1 January	30,400	26,271
Contributions during the year	101,129	122,472
Payment	(94,459)	(118,342)
	37,070	**30,400**

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		31/12/2020	31/12/2019
25	**Long Term Loan**	**N'000**	**N'000**
	Balance as at 1 January	283,827	150,000
	Additions during the year	-	250,000
	Reclassified to deferred income grant		(136,622)
	Interest accrual	42,613	36,483
	Modification gain on remeasurement of financial liability	(12,812)	-
	Principal paid		-
	Interest paid	(20,042)	(16,034)
	Balance as at 31 December	**293,586**	**283,827**
	Current	32,506	20,449
	Non-Current	261,080	263,378
		293,586	**283,827**

25.1	**Deferred Income on Grant**		
	Opening Balance	119,605	-
	Accrued during the year	-	136,622
	Recognised during the year	(12,314)	(17,017)
		107,291	**119,605**
	Current	14,695	12,314
	Non-Current	92,596	107,291
		107,291	**119,605**

The loan of N400 million represents the first tranche of N150 million and the second tranche of N250 million out of the N500 million facility under the CBN's Shared Agent Network Expansion Facility. The loan is to fund the expansion of Shared Agent Networks across Nigeria in order to deepen financial inclusion in Nigeria. The loan was fair valued using the effective interest rate and a deferred grant income was recognised as a result of the actual interest rate on the loan of 5% being lower than the effective interest rate (EIR) of 16.65% and 15.4% on the first tranche (N150 million) and second tranche (N250 million) respectively. The loan has a tenor of 10 years (inclusive of 2 years principal moratorium and 1 year interest moratorium). The Company did not pledge any of its assets in securing the loan.

26 Share capital

	31/12/2020	31/12/2019
	N'000	**N'000**
Authorised:		
4,200,000,000 ordinary shares of 50k each (2019)		
9,200,000,000 ordinary shares of 50k each (2020)	4,600,000	2,100,000
Issued and fully paid:		
4,200,000,000 ordinary shares of 50k	2,100,000	2,100,000

The Company has one class of ordinary shares which carry no right to fixed income.

26.1	**Share premium**		
	At 31 December	**646,875**	**646,875**

Share Premium
Share premium represents the excess of share issue proceeds over the nominal value of the share.

27	**Accumulated losses**		
	At 1 January	(2,440,173)	(2,587,208)
	Dividend paid	-	-
	(Loss)/profit for the year	(1,888,992)	147,035
	At 31 December	**(4,329,165)**	**(2,440,173)**

Accumulated losses
Accumulated losses represents accumulation of losses over the years up to the reporting date.

27.1 Correction of prior period error

The Company is a Mobile Money Operator (MMO) and as a result it owns a product called the Pocket-Moni which operates a wallet system where customers can hold their money for as long as they want until they decide to make use of it. This creates financial asset and financial liability in the books of the Company, but these have been treated as off-balance sheet items over the years. Consequently, both assets and liabilities have been understated up to 2019.

In 2020, the Company conducted a detailed review of the terms and conditions of this product and concluded that both the financial asset and the financial liability in respect of the Pocket-Moni product should be recognised in the financial statements.

The error has been corrected retrospectively by restating each of the affected financial statement line items as well as the statement of cashflow for the prior periods as follows:

The error does not have impact on equity or profit or loss but it has impact on the statement of cash flows

Impact on assets and liability – increase/(decrease)	**31/12/2019**	**1/1/2019**
	N'000	**N'000**
Cash & Bank as previously stated	3,277,666	2,561,868
Effect of prior year restatement	116,833	935,186
Cash & Bank (restated)	3,394,499	3,497,054
Trade and Other Payables as previously stated	5,818,665	5,564,590
Effect of prior year restatement	116,833	935,186
Trade and other payables (restated)	5,935,498	6,499,776

Impact of correcting the error on statement of cash flows:

	31/12/2019
	N'000
Previous movement in restricted cash balance	(1,124,859)
Effect of prior year restatement	(116,833)
Movement in restricted cash balance	(1,241,692)

Also, management conducted a detailed review of the classification and presentation of items on the face of the statement of financial position and statement of cash flows of the prior years which resulted in the discovery of the following errors:

(a) Current portion of long term loan of N20,448,932 and the current portion of deferred income grant of N12,314,000 were classified and presented as part of non-current liabilities in the 2019 statement of financial position instead of current liabilities.

(b) Interest paid of N16,033,914 on long term loan was presented under investing activities in the statement of cash flows instead of under financing activities.

The errors have been corrected by restating each of the affected financial statement line items for 2019 as follows:

Impact on the statement of financial position of correcting the error in (a) above:

	31/12/2019
Current liabilities	**N'000**
Deferred Grant Income	12,314
Current portion of long-term loan	20,449

Impact on the statement of cash flows of correcting the error in (b) above:

	31/12/2019
Financing activities	**N'000**
Interest paid	(16,034)

The error in (a) above does not have impact on profit or loss, equity or cash flow of the Company in the prior

The error in (b) above does not have impact on profit or loss or equity of the Company in the prior year.

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28 Retirement benefits plans

28.1 Defined Contribution Plan

The Company operates a contributory pension scheme for the benefit of its staff with the company and employees contributing 10% and 8% respectively from employees' emoluments.

The total expense recognised in the profit or loss of N65.8m (2019: N78.4m) represents contributions payable to these plans by the company at rates specified in the rules of the plans. As at 31 December 2020, contributions of N37.1m (2019: N30.4m) due in respect of the last few months of the 2020 reporting period had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

29 DIRECTORS AND EMPLOYEES

29.1 DIRECTORS

	31/12/2020	31/12/2019
	N'000	N'000
Emoluments:		
Fees	4,500	4,250
Other remuneration and allowances	156,196	187,400
	160,696	**191,650**

The number of Directors whose gross emoluments were within the following ranges are:

Range (N)	**Number**	**Number**
Less than 1,000,000	-	-
1,000,001 - 2,000,000	-	-
2,000,001 - 5,000,000	8	8
5,000,001 - 20,000,000	-	-
20,000,001 and above	2	2
	10	**10**

The Chairman's emolument for the period was N2.8m. (2019: N2m)

29.2 EMPLOYEES

The average number of employees employed during the year:

	Number	**Number**
Technical	86	90
Non-Technical	143	130
	229	**220**

Aggregate payroll costs	**N'000**	**N'000**
Wages, salaries, allowances and benefits	865,434	970,547
Pension costs	65,846	78,398
Staff training	14,103	15,402
	945,382	**1,064,347**

The number of highest paid employees with gross emoluments within the ranges below were:

Range (N)	**Number**	**Number**
Up to 500,000	2	-
500,001 - 2,000,000	87	70
2,000,001 - 3,000,000	38	41
3,000,001 and above	102	109
	229	**220**

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30 Cash generated from operations

Reconciliation of profit after tax to net cash generated by operating activities:

	31/12/2020 N'000	31/12/2019 N'000
(Loss)/profit before tax	(1,870,334)	291,605
Adjustments for:		
Amortization of intangible assets	44,344	43,540
Depreciation of property, plant and equipment	251,941	209,520
Investment income	(155,389)	(245,103)
Gain on disposal of Property, Plant and Equipment	(762)	(2,297)
Gain on disposal of investment property	(128,178)	-
Modification gain on remeasurement of financial liability	(12,812)	-
Grant Income on SANEF Loan	(12,314)	-
Provision for Fraud Asset	1,047,978	-
Impairment loss - ECL for Trade Receivables	112,775	-
Impairment loss - ECL for Staff Loan	3,702	-
Additional interest expense on long term borrowing arising from Effective Interest Rate	22,571	-
Interest expense based on contractual rate	20,042	16,034
Impairment of investment property	156,574	-
Exchange (gain)/loss on cash and cash equivalents	(7,617)	82
Operating cash flows before movements in working capital	(527,479)	313,380
Increase in inventories	(68,387)	(106,040)
Decrease in trade and other receivables	245,060	11,134
Increase in other assets	(178,050)	(17,875)
Increase/(decrease) in trade and other payables	824,221	(560,967)
Decrease in current tax liabilities	(106,890)	-
	188,475	**(360,367)**

Non-cash transactions

There were no non-cash transactions during the year ended 31 December 2020.

31 Related party transactions

Details of transactions and outstanding balances between the company and its related parties during the year are disclosed below:

eTranzact Global Limited maintains a controlling interest of 50.33% in the equity of eTranzact International Plc as at the reporting date.

31.1 Trading transactions

The Company entered into transactions with its related parties during the year and transactions conducted resulted to the balances analysed below:

	Sale of goods and services		Purchase of goods and services	
	31/12/2020 N'000	**31/12/2019 N'000**	**31/12/2020 N'000**	**31/12/2019 N'000**
eTranzact Global Limited	-	87	-	3,591
Meristem Securities	-	-	1,644	1,962
	-	**87**	**1,644**	**2,247**

Analysis of the outstanding balances at the reporting date:

	Due from related parties		Due to related parties	
	31/12/2020 N'000	**31/12/2019 N'000**	**31/12/2020 N'000**	**31/12/2019 N'000**
eTranzact Global Limited	-	333,867	-	-
Meristem Securities	-	-	905	596
	-	**333,867**	**905**	**596**

Sales of goods to related parties are made at the company’s usual list prices which is the fair value of goods sold. Purchases are made at market price.

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32 Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	31/12/2020 N'000	31/12/2019 N'000
Short-term employee benefits	92,000	107,917
Post-employment benefits	5,313	7,510
	97,313	**115,427**

33 Loans to Directors

The directors held no loans as at 31 December 2020 (2019: Nil).

34 Financial Instruments

34.1 Capital risk management

The Company manages its capital to ensure that the company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The Company's overall strategy which emphasizes capital efficiency and optimisation of capital structure, remains unchanged from 2019.

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

Equity includes all capital and reserves of the Company that are managed as capital.

34.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

34.3 Categories of financial instruments

	31/12/2020 N'000	31/12/2019 N'000
Financial assets		
Financial Assets measured at Amortised Cost		
Cash and bank balances	3,638,710	3,394,499
Trade and other receivables	702,520	1,064,057
	4,341,230	**4,458,556**
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	7,393,691	5,515,855
Borrowings	293,586	283,827
	7,687,277	**5,799,681**

34.4 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will 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 reviews and agrees policies for managing each of these risks which are summarised below.

The Company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

34.5 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the company that are affected by market risk are principally the non-derivative financial instruments which include investment in equity, trade and other receivables, cash and cash equivalents and trade and other payables).

34.5.1 Interest rate risks

eTranzact is not exposed to interest rate risk as it does not have any debt financial instruments that is measured at fair value. Also, the Company does not have debt financial instruments that attracts or on which it pays floating interest rates. The Company has cash and cash equivalents held as deposits with banks with less than three months maturity. They are readily accessible and receive fixed/floating rate interest. The Company actively monitors interest rate exposures on its investment portfolio so as to minimise the effect of interest rate fluctuations on profit or loss.

34.5.2 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
USD (included as part of cash and short term deposits)	-	-	586,323	138,488

<u>Foreign currency sensitivity analysis</u>

The Company is mainly exposed to the currency of USD

The following table details the Company's sensitivity to a 10% increase and decrease in the Naira against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit or equity where the Naira strengthens 10% against the relevant currency. For a 10% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive.

	Currency USD	
	31/12/2020	31/12/2019
	N'000	N'000
Impact on pre-tax profit if Naira weakens	58,632	13,849
Impact on pre-tax profit if Naira strengthens	(58,632)	(13,849)

(i) This is mainly attributable to the exposure outstanding on USD balances held in banks at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. USD denominated balances usually fluctuate during the year.

34.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Company does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets represents the company's maximum exposure, which at the reporting date, was as follows:

	31/12/2020	31/12/2019
	N'000	N'000
Cash and short term deposits	3,638,710	3,394,499
Trade and other receivables	702,520	1,064,057
	4,341,230	**4,458,556**

34.6.1 Collateral held as security and other credit enhancements

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

34.7 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 to the acquiring banks due to failure of an issuing bank to pay.

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, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

To mitigate this risk, back-up liquidity facilities are in place with a syndicate consisting of high credit, quality financial institutions, in addition to the company's own liquid investments.

34.7.1 Maturity risk

The following tables show the company's contractual maturities of financial liabilities:

	31/12/2020			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Finacial liabilities at amortised cost				
Trade and other payables	7,393,691	7,393,691	7,393,691	-
Borrowings	293,586	482,498	48,381	434,117
	7,687,277	**7,876,189**	**7,442,072**	**434,117**

	31/12/2019			
	Carrying amount N'000	Contractual cashflows N'000	Less than one year N'000	More than one year N'000
Finacial liabilities at amortised cost				
Trade and other payables	5,515,855	5,515,855	5,515,855	-
Borrowings	283,827	492,528	44,943	447,584
	5,799,681	**6,008,383**	**5,560,798**	**447,584**

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.

34.8 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets (trade and other receivables, cash and short term deposits and Deposit

for shares) and financial liabilities (trade and other payables) recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	N'000	N'000	N'000	N'000
Financial liabilities				
Financial liabilities held at amortised cost:				
Borrowings	293,586	283,827	310,445	288,284

Disclosures of fair value are not required for short term financial instruments because their carrying amount approximates the fair value.

Fair value of non financial assets

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2020:

	Date of valuation	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment property		N'000	N'000	N'000
Land	31-Dec-20			**351,871**
				351,871

Fair value measurement hierarchy for assets as at 31 December 2019:

	Date of valuation	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment property		N'000	N'000	N'000
Land	31-Dec-19			**745,000**
				745,000

Fair value measurement hierarchy for liabilities as at 31 December 2020:

Item whose fair value disclosure is required

	Date of valuation	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000
Borrowings	31-Dec-20		**310,445**	
			310,445	

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34.8 Fair value of financial instruments - Continued

Fair value measurement hierarchy for liabilities as at 31 December 2019:

Item whose fair value disclosure is required

	Date of valuation	Quoted prices in active markets (Level 1)	Significant unobservable inputs (Level 2)	Significant unobservable inputs (Level 3)
		N'000	N'000	N'000
Borrowings	31-Dec-19		288,284	
			288,284	

Valuation Methodology

Fair value of the investment property was determined using the Direct market comparison method. The valuations have been performed by the valuer and are based on prices paid in actual market transactions for similar properties with unit sale prices of comparables adjusted to the characteristics of the subject property. As at the dates of revaluation on 31 December 2020, the land's fair value are based on valautions performed by Knight Frank Chartered Surveyors & Co., an accredited independent valuer who has valuation experience for similar properties.

Significant unobservable valuation input:	Range
Price per square metre	₦94,444 - ₦140,950 (2019: ₦85,789 - ₦156,326)

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

There were no transfers between Levels during 2020.

The fair values of the Company's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The own non-performance risk as at 31 December 2020 was assessed to be insignificant.

35 Capital Commitments

There were no capital commitments during the year.

36 Contingent liabilities and contingent assets

There were no contingent liabilities and assets that materialized during the year ended 31 December 2020 (2019: Nil).

In the 2012 financial year, eTranzact International Plc initiated the process of acquiring shares in Collendos Limited, a company with significant investment in Cowrie Business Solution Limited, which owns Fortune Towers. eTranzact has committed to acquiring a total investment to the tune of N907 million, that will give it the direct control of the ground floor, 1st, 4th and 5th floor of Fortune Towers. As at 2017, eTranzact International Plc has made full payments to the tune of N907 million. In 2018, Collendos made a refund of N450 million to the Company (out of the total deposit which Collendos is holding in an interest bearing account pending the court judgement). The N450 million will be repaid by eTranzact International Plc based on the outcome of the court judgement. As at date of this report, the sale of the Fortune Towers building is under litigation. The outcome of the litigation has a possibility of resulting in a contingent liability in the form of legal costs and relative additional acquisition cost for the 4th and 5th floor of Fortune Towers. As at date of this report, the value of any contingent liability in this respect cannot be estimated.

Linked with the documented agreements between the existing occupants of Fortune Towers and Cowrie Business Solutions Limited, the current owners of Fortune Towers, there is a commitment that no liability for rent (or arrears of rent) will be sought from the existing occupants. Hence, although such rental liability is theoretically possible, the directors have made a provision in the books to cover annual rental expense for the floors it occupies.

As at 31 December 2020, there was a balance of N1.096 billion (2019: N16.22 billion) relating reloadable card schemes (CorporatePay Merchants, IMTO Schemes and other Merchant balances). The funds representing the card balances are reserved in separate float and settlement accounts. The bulk of the balance for prior year (2019) relates to unprocessed salaries (for December 2019) under the IPPIS scheme which were later processed in January 2020.

37 Events after the reporting period

There were no events after the reporting date that could have material effect on the state of affairs of the Company at 31 December 2020 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

In connection with the rights issue process which was on-going as at the reporting date, the Company was able to obtain the necessary approvals regarding the capital verification from the Central Bank of Nigeria (CBN) and the approval of the allotment by the Securities and Exchange Commission during the first quarter of 2021 (the subsequent reporting period). The approvals will give effect to the rights issue and enable the Company to recognise the funds raised and the additional equity investment accordingly.

38 Impact of COVID-19 Pandemic

The global COVID-19 pandemic in 2020 posed a major challenge in the business and economic landscapes of many countries including Nigeria. In light of this development, the Management of the company assessed the negative impact of the COVID-19 on the operations and business continuity and also assessed the business opportunities arising from the pandemic. The business continuity strategies and initiatives that were implemented, have been able to minimize any negative impact of the pandemic. There is minimal or no disruption to the company's business activities, operations, revenue and cashflow. No immediate or any potential threat was identified to the going concern of the entity.

Impact of COVID-19 Pandemic on Business Operation

The COVID-19 pandemic and the resultant restriction in movement impacted our revenue from in-branch bank collections and other public sector payment solutions.

Impact of COVID-19 Pandemic on Financing and Financing Activities

There was no significant impact on the Company in terms of financing and financing activities.

Impact of COVID-19 Pandemic on Investments and Investment Activities

There was no major impact in terms of planned investments, acquisitions, investments and dispositions of securities and loans.

Impact of COVID-19 Pandemic on future challenge to the entity's business model

The entity's business processes and key operating processes remains unchanged and the focus of business processes towards value creation remains unchanged. The company still maintains and deploys the same level of resources and inputs pivotal to the success of the company.

Impact of COVID-19 Pandemic on Industry, Regulatory and Other External Factors

The competition and market demand in the payment technology space remains stable and there has been no key disruption as a result of the COVID-19 pandemic. Notable developments that are being anticipated in the industry are still in the works and on course.

Approval of financial statements

The financial statements were approved by the Board and authorised for issue on 29 March, 2021.

eTRANZACT INTERNATIONAL PLC

Statement of value added
For the year ended 31 December 2020

	2020 N'000	%	2019 N'000	%
Turnover	22,724,284		25,193,379	
Investment income	155,389		245,103	
Other gains and losses	136,557		2,215	
	23,016,231		25,440,697	
Bought in materials and services:				
- Local	(22,565,551)		(23,815,651)	
- Import				
VALUE ADDED/(ERODED)	**450,679**	***(100)***	**1,625,046**	***100***
APPLIED AS FOLLOWS :				
To pay employees -				
Wages, salaries and other benefits	945,382	*(191)*	1,064,347	*65*
To pay government -				
Income tax expense	18,658	*(4)*	144,570	*8.90*
To provide for assets replacement, payment of dividend and future expansion :				
Payment of Interest	17,487	*(4)*	16,034	*1*
Depreciation of fixed assets	251,941	*(51)*	209,520	*13*
Impairment of recceivable	116,477	*(24)*		
Amortisation of intangible assets	44,344	*(9)*	43,540	*3*
Profit/(loss) for the year	(1,888,992)	*382*	147,035	*9*
	(494,703)	***(100)***	**1,625,046**	***100***

Value added statement 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 between the employees, government and that retained for the future creation of more wealth.

eTRANZACT INTERNATIONAL PLC

Five-year financial summary
For the year ended 31 December 2020

FINANCIAL POSITION	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Non-current assets					
Property,plant and equipment	673,505	555,993	622,404	558,950	584,653
Investment property	302,226	645,917	645,917	645,917	645,917
Intangible assets	163,752	174,264	137,321	171,748	215,310
Investment in Deposit for shares	456,755	456,755	456,755	907,505	895,530
Deferred taxation	-	(39,052)	(27,017)	(52,145)	(13,850)
Deferred grant income	(92,596)	(107,291)	-	-	-
Long term loan	(261,080)	(263,378)	(150,000)	-	-
Net current assets	(2,824,852)	(1,116,505)	(1,525,713)	1,064,105	1,180,115
	(1,582,290)	**306,702**	**159,667**	**3,296,080**	**3,507,675**
Equity					
Share capital	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Share premium	646,875	646,875	646,875	646,875	646,875
(Accumulated losses) / retained earnings	(4,329,165)	(2,440,173)	(2,587,208)	549,205	760,800
Total equity attributable to owners of the company	**(1,582,290)**	**306,702**	**159,667**	**3,296,080**	**3,507,675**

TURNOVER AND PROFIT

	2020	2019	2018	2017	2016
Turnover	22,724,284	25,193,379	18,756,944	11,681,742	10,404,501
Profit/(loss) before taxation	(1,870,334)	291,605	(3,277,655)	292,201	865,131
Income tax expense	(18,658)	(144,570)	141,242	(83,796)	(415,645)
Profit/(loss) after taxation	(1,888,992)	147,035	(3,136,413)	208,404	449,486
Basic earnings/(Loss) per share - kobo	(44.98)	3.50	(74.68)	5.00	11.00
Net assets per share - kobo	(37.67)	7.30	3.80	78.00	84.00

Earnings/(Loss) per share is computed on the basis of profit after taxation and the weighted average number of ordinary shares in issue at the end of each financial year.

Net assets per share is based on the net assets and the weighted average number of ordinary shares in issued at the end of each financial year.