

DEAP CAPITAL MANAGEMENT & TRUST PLC

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER, 2020**

DEAP CAPITAL MANAGEMENT & TRUST PLC

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DEAP CAPITAL MANAGEMENT & TRUST PLC

CORPORATE INFORMATION

DIRECTORS:

Alhaji Murtala Aliyu	Chairman	
Mr Jacob Esan	Managing Director	Appointed 1/7/20
Joel Omole	Managing Director	Resigned 1/6/20
Elder Williams Odudu	Director	
Jonathan Idudu	Director	
Emmanuel Ugboh	Director	
Kenneth Olise	Director	Resigned 1/6/20
Edmond Ani	Director	Resigned 1/6/20

REGISTERED OFFICE:

14th Floor,
St. Nicholas House,
6, Catholic Mission Street, Lagos.

SECRETARIES:

Osammor Otiono & Co.
101, Allen Avenue
Ikeja, Lagos.

AUDITORS:

Olabode Akande & Co
(Chartered Accountants)
270, Ikorodu Road
Obanikoro, Lagos.

BANKERS:

Access Bank Plc
Resort Savings & Loans Plc
UBA Plc

REGISTRARS:

First Registrars Ltd
Plot 2, Abebe Village Road,
Iganmu, Lagos

DEAP CAPITAL MANAGEMENT & TRUST PLC
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors have pleasure in submitting their report together with the financial statements for the year ended 30 September, 2020

	2020 N'000	2019 N'000
1 RESULTS		
Turnover	<u>1,321</u>	<u>-</u>
Profit/(loss) before taxation	(49,077)	(214,819)
Taxation	<u>-</u>	<u>-</u>
	(49,077)	(214,819)
<i>Other comprehensive income</i>		
Fair value loss on Available for sales investments	<u>-</u>	<u>-</u>
	<u>(49,077)</u>	<u>(214,819)</u>

2 LEGAL FORM

The company was incorporated in Nigeria as a private company limited by shares on 5th of June, 2002.

3 PRINCIPAL ACTIVITIES

The company is a financial services company specialising in Funds Management, Capital Market Operations, Financial Advisory Services, Portfolio Management, Leasing, Issuing House Services, etc.

4 AUTHORISED SHARE CAPITAL

Authorised share capital of the company at inception was increased from N100 Million ordinary shares of N1 each to N150 Million ordinary shares of 50 kobo each in 2004. This was further increased to 1 Billion ordinary shares of 50 kobo each as at 30 September 2006 and then to 3 billion ordinary shares of 50 kobo each as at 30 September 2008.

DEAP CAPITAL MANAGEMENT & TRUST PLC
DIRECTORS' REPORT FOR THE QTR ENDED 30 SEPTEMBER, 2020

5 SHAREHOLDING STRUCTURE

	Ordinary Share of 50k each	
	No	% Holding
Asset Management Corporation of Nigeria	249,119,395	16.61
Other Nigerians	1,250,880,605	83.39
	<u>1,500,000,000</u>	<u>100.00</u>

6 DIRECTORS' BENEFICIAL INTEREST

The direct and indirect interests of Directors in issued share capital of the Company as recorded in the Register of Members shareholding and/or as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act 2004 is given below

	31.03.2020	31.03.2019
	Units	Units
Mr. Jacob Ekan	5,010,000	5,010,000

7 ANALYSIS OF SHAREHOLDING

Range	No of Holders	Holder's %	Holder's Cumulative	Units	Units %	Unit Cum.
1 - 1,000	530	5.56	530	307,173	0.02	307,173
1,001 - 5,000	1,585	16.63	2,115	5,189,172	0.35	5,496,345
5,001 - 10,000	2,626	27.56	4,741	20,544,856	1.37	26,041,201
10,001 - 50,000	3,292	34.55	8,033	78,712,479	5.25	104,753,680
50,001 - 100,000	691	7.25	8,724	52,098,375	3.47	156,852,055
100,001 - 500,000	602	6.32	9,326	127,275,079	8.49	284,127,134
500,001 - 1,000,000	75	0.79	9,401	54,047,296	3.60	338,174,430
1,000,001 - 5,000,000	92	0.97	9,493	191,271,052	12.75	529,445,482
5,000,001 - 10,000,000	15	0.16	9,508	103,382,151	6.89	632,827,633
10,000,001 - 50,000,000	18	0.19	9,526	511,422,815	34.09	1,144,250,448
50,000,001 - 100,000,000	2	0.02	9,528	106,630,157	7.11	1,250,880,605
100,000,001 - 500,000,000	1	0.01	9,529	249,119,395	16.61	1,500,000,000
	<u>9,529</u>	<u>100.00</u>		<u>1,500,000,000</u>	<u>100.00</u>	

8 STATEMENT OF INDEBTEDNESS

As at 30 September 2020, the date of the latest audited accounts, Deap Capital Management & Trust Plc had no outstanding debentures, mortgages, loans, charges or other similar indebtedness, other than in the ordinary course of business.

9 ASSOCIATED COMPANIES

As at 30 September 2020 the company has shareholding interest in the following companies:

- i. Resort Securities and Trust Ltd.
- ii. DVCF Oil & Gas Plc

10 DONATIONS AND CHARITABLE GIFT

No donation was made during the year.

OSAMOR OTLONO & CO.
 LEGAL PRACTITIONERS
 17/105 ALLEN AVI NUN-IKEJA
 LAGOS STATE


 By order of the Board

Osamor Otlono & co.

Company Secretary

Lagos, Nigeria

Date: 20/01/21


DEAP CAPITAL MANAGEMENT & TRUST PLC

Statement of Directors' Responsibility for the Financial Statements


The Directors accept responsibility for the preparation and fair presentation of these financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in compliance with International Financial Reporting Standards, and with the requirements of the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate internal control system.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern entity in the years ahead.



Mr. Jonathan Idudu
Director
FRC/2020/002/000000/20377



Mr. Emmanuel Ugboh
Director
FRC/2024/PRO/ICAN/004/809071

Report of the Audit Committee

To the Members of Deap Capital Management & Trust Plc.

There was no audit committee during the year as a result of the issues the company had with Securities and Exchange Commission.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
DEAP CAPITAL MANAGEMENT & TRUST PLC**

Report on the financial statements

We have audited the accompanying financial statements of Deap Capital Management & Trust Plc for the year ended 30 September 2020, set out on pages 8 to 11 which have been prepared on the basis of significant accounting policies on pages 12 to 27 and other explanatory notes on pages 28 to 32.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements which are in compliance with the International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining adequate internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error and preparing its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates which are consistently applied.

Auditors' responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

Going Concern Threat

As at September 30, 2020 the shareholder's fund of the company was N2,085.039 million negative. This is as a result of the losses before taxation incurred by the company in previous years. Consequently, the continuation of the company is dependent upon the support of its creditors and shareholders.

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

Opinion


In our opinion, except for the above going concern threat, the financial statements give a true and fair view of the Company's financial position as at 30 September 2020 and of its financial performance and cash flows for the year then ended. The financial statements also comply with the Financial Reporting Council of Nigeria Act, No.6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

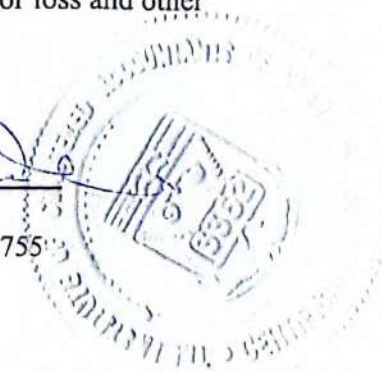
Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company; and
- iii) 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.




Mr. Olabode Akande
FRC/2013/ICAN/00000001755
on behalf of
Olabode Akande & Co.
(Chartered Accountants)




Lagos, Nigeria
20/01/2024

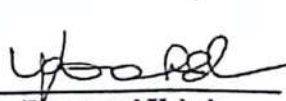
DEAP CAPITAL MANAGEMENT & TRUST PLC

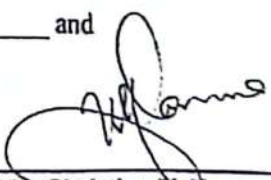
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER, 2020

		30.09.2020	30.09.2019
ASSETS	Notes	N'000	N'000
Cash and cash equivalents	6	56,862	56,775
Receivables	7	4,848	4,228
Loans and Advances	8	50	50
Available for sale financial assets	9	377,116	377,116
Investment in Associates	10	-	-
Finance Lease	11	100	100
Property, Plant & Equipment	12	111	111
Total Assets		439,087	438,380
EQUITY AND LIABILITIES			
Equity			
Ordinary Share Capital	13	750,000	750,000
Share Premium		448,484	448,484
Retained Earnings	-	(4,972,677)	(4,923,601)
Deposit for Shares	15	1,689,154	1,689,154
Total Equity		(2,085,039)	(2,035,963)
Liabilities			
Managed Accounts	16	569,437	569,437
Borrowings	17	1,601,329	1,572,080
Other Payables	18	318,253	297,718
Current Tax Liabilities	19	27,216	27,216
Deferred Tax Liabilities	20	7,890	7,890
Total liabilities		2,524,126	2,474,342
Total Equity and liabilities		439,087	438,380

The Financial Statements were approved by the Board on 20/01/21 and signed on its behalf by:


 Mr. Jonathan Iduba
 Chairman
 FRC/2020/002/000000/20377


 Mr. Emmanuel Ugboh
 Director
 FRC/2024/PRO/CAN/004/809071


 Mr. Christian U. Nwanma
 Chief Finance Officer
 FRC/2017/CAN/00000016424

The accounting policies and notes on pages 12 to 32 form an integral part of these Financial Statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER, 2020

		30.09.2020	30.09.2019
	Notes	N'000	N'000
Other Income	21	1,321	-
Total Income		1,321	-
Administrative Expenses	22	(21,149)	15,252
Finance Costs	23	(29,248)	(25,540)
(Loss)/Profit before taxation		(49,077)	(10,288)
Taxation	19	-	-
(Loss)/Profit for the year		(49,077)	(10,288)
<i>Other comprehensive income:</i>			
Fair value loss Available For Sales investments		-	-
Total (Loss)/Profit for the year		(49,077)	(10,288)
Profit attributable to:			
Owners of the Company		(49,077)	(10,288)
		(49,077)	(10,288)
Earnings Per Share (EPS) - Kobo			
Basic		(3)	(1)
Diluted		(3)	(1)

The accounting policies and notes on pages 12 to 32 form an integral part of these Financial Statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER, 2020

	Share Capital	Share Premium	Retained Earnings	Deposit for Shares	Total Interests
	N'000	N'000	N'000	N'000	N'000
Balance at 1 October 2019	750,000	448,484	(4,923,600)	1,689,153	(2,035,962)
<i>Comprehensive Income for the year</i>					
Profit for the year	-	-	(49,077)	-	(49,077)
<i>Other Comprehensive Income</i>					
Other adjustment/additions for the year	-	-	-	-	-
Balance at 30 September 2020	<u>750,000</u>	<u>448,484</u>	<u>(4,972,677)</u>	<u>1,689,153</u>	<u>(2,085,039)</u>
	N'000	N'000	N'000	N'000	N'000
Balance at 1 October 2018	750,000	448,484	(4,913,312)	1,689,154	(2,025,674)
<i>Comprehensive Income for the year</i>					
Profit/(Loss) for the year	-	-	(10,289)	-	(10,289)
<i>Other Comprehensive Income</i>					
Other adjustment for the year	-	-	-	-	-
Balance at 30 September 2019	<u>750,000</u>	<u>448,484</u>	<u>(4,923,601)</u>	<u>1,689,154</u>	<u>(2,035,963)</u>

The accounting policies and notes on pages 12 to 32 form an integral part of these Financial Statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

	30.09.2020 N'000	30.09.2019 N'000
Cash flows from Operating Activities		
(Loss)/Profit before taxation	(49,077)	(52,371)
Adjustments for non-cash items:		
Prior year adjustment	-	-
Other Adjustments For The Year	-	-
	<u>(49,077)</u>	<u>(52,371)</u>
Changes in Working Capital:		
(Increase)/Decrease in Receivables	(620)	-
(Increase)/Decrease in Loans and Advances	-	-
(Increase)/Decrease in Financial Assets	-	-
Decrease in Finance Lease	-	-
/Increase/(Decrease) in Managed Accounts	0	-
Increase /(Decrease) in Borrowings	29,249	25,540
Increase/(Decrease) in Other Payables	20,535	26,892
Cash generated from operations	88	61
Tax paid	-	-
Net Cash inflow from operating activities	<u>88</u>	<u>61</u>
Cash flows from Investing Activities		
Proceeds from disposal of Financial Assets	-	-
Proceeds from disposal of Investment in Subsidiaries	-	-
Increase in investment in Associates	-	-
Net Cash outflow from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing Activities		
Proceeds from managed fund converted to shares	(0)	-
Net Cash inflow from financing activities	<u>(0)</u>	<u>-</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	87	61
Cash & Cash Equivalent at the beginning of the year	56,836	56,775
Cash & Cash Equivalent at the end of the year	<u>56,923</u>	<u>56,836</u>
Represented by:		
Cash & Cash Equivalentents (See note 6)	<u>56,862</u>	<u>56,836</u>

The accounting policies and notes on pages 12 to 32 form an integral part of these Financial Statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Reporting Entity

DEAP Capital Management & Trust Plc is a Nigerian public company limited by shares and quoted on Nigerian Stock Exchange. The registered and operational office of the company is at 14th Floor, St. Nicholas House, 6, Catholic Mission Street, Lagos. The company is also registered with the Securities and Exchange Commission (SEC).

The Company is engaged in the business of funds management, portfolio management, capital market/financial advisory services and lending services.

2 Basis of Preparation

2.1 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments which were measured at fair value.

2.2 Functional and Presentation Currency

The company's functional currency, which is also the presentation currency, is the Nigerian naira.

2.3 Use of Estimates and Judgement

The preparation of the Financial Statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas where assumptions and estimates are significant to the Financial Statements are disclosed in note 4.

New and amended IFRS Standards that are effective for the current year.

(i) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7. In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended because of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Company as it was not in operations during the year.

(ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16. In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16.

The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and c) There is no substantive change to other terms and conditions of the lease.

(c) There is no substantive change to the other terms and conditions of the lease.

In the current financial year, the Company had no such Covid -19 related rent concessions as such there is no impact on the financial statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year.

In the current year, the Company has applied the following amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements about references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired 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 outputs. The assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs was removed. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test, under the optional concentration test, the acquired set of activities and assets is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. All these stated amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020, however, this is not applicable to the Company.

Amendments to IAS 1 and IAS 8

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2.5 New and revised IFRS Standards in issue but not yet effective

Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cutoff date of 31 July 2020. The standard states that potential impact of the application of any new and revised IFRS issued by the IASB after 31 July 2020, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS (see below) is for illustrative purposes only. Entities should analyze the impact based on their specific facts and circumstances.

At the date of authorization of these financial statements, the following new and revised standards were not applied as it plans to adopt these standards at the effective dates:

The impact of the application of the new and revised IFRS below is for illustrative purposes only. Entities should analyze the impact of these new or revised IFRS on their financial statements based on their specific facts and circumstances and make appropriate disclosures.

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018–2020

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. This standard outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It considers market interest rates, and the impact of policyholders' options and guarantees. In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 Business Combination, so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists because of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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Amendments to IAS 37– Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1: D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated. IAS 41 *Agriculture* The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these Financial Statements.

3.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business net of discounts, Value Added Tax (VAT) and other sales-related taxes.

3.1.1 Fee Income

Fee income comprises brokers fee and commission income, excluding VAT, performance fees, administration fees and asset management fees which are recognized over the period for which the services are rendered, in accordance with the substance of the relevant agreements.

3.1.2 Finance Income

Finance income comprises interest income on short-term deposits with banks and changes in the fair value of financial assets at fair value through profit and loss. Interest income is recognised when it is probable that the economic benefits will flow to the group and the amount of revenue can be reliably measured. It is measured by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

3.1.3 Dividend Income

Dividend income from investments is recognised in the income statement when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

3.1.4 Rental Income

Rental income from letting property is recognised in the Income Statement on a straight line basis over the term of the lease. Lease incentives granted are considered as an integral part of the total rental income and recognised over the term of the lease.

3.2 Foreign Currency Translation

In preparing these Financial Statements, transactions in currencies other than the entity's presentation currency (i.e., foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.3 Employee Benefits

3.3.1 Short Term Employee Benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The company recognises wages, salaries, bonuses and other allowances for current employees in the statement of profit or loss and other comprehensive income as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.3.2 Defined Contribution Plans

The company operates a defined contribution plan as stipulated in the Pension Reform Act, 2004 (now PRA, 2014). Under the defined contributory scheme, the company contributes 10%, while its employees contribute 8% of their annual basic, housing and transport allowances to the scheme.

Once the contributions have been paid, the company retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. Obligations are recognised in the statements of comprehensive income as administrative expenses (employee benefits) when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available while accrued contribution is recognised as a liability.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3.4 Taxation

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

3.4.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. It is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

The company is subject to the following types of current tax:

- Company Income Tax

This relates to tax on revenue and profit generated by the Company during the year, to be taxed the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date.

- Tertiary Education Tax

Tertiary education tax is based on the assessable profit of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended).

3.4.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- (a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- (b) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5 Property, Plant and Equipment

3.5.1 Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Items of property, plant and equipment under construction are disclosed as capital work in progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site in which they are located, and borrowing costs on qualifying assets.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net of tax within other income in the Income Statement.

3.5.2 Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognised in the income statement during the period in which they are incurred as expenses.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3.5.3 Depreciation

Depreciation is calculated on items of property, plant and equipment to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on items of property, plant and equipment until they are brought into use.

The principal annual rates consistently used for this purpose, are as follows:

Types of assets	%
Office Equipment	20
Computers	33 1/3
Furniture and Fittings	20
Motor Vehicle	25
Plant & Machinery	20

3.5.4 Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss component of the statement of comprehensive income within 'Other income' in the year that the asset is derecognised.

3.6 Borrowing Costs

Borrowing costs directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as interest payable in the income statement in the period in which they are incurred.

3.7 Impairment of Non-Financial Assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Income Statement, 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 in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3.8 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted to present value where the effect is material, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

3.9 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost using the effective interest rate; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings to be settled within 12 months period are classified as current liabilities while borrowings to be settled over 12 months are classified as non-current liabilities.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term, highly liquid, investments that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated.

3.11 Financial Instruments

3.11.1 Financial Assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables, held-to-maturity and available-for-sale financial assets. Management determines the classification of financial assets at initial recognition. This classification depends on the nature and purpose of the financial asset.

(i) Financial Assets at Fair Value through Profit or Loss

This category has two components namely: those held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin, or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

The designation of these assets at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases.

The fair values of the financial assets in this category at the beginning of a period are compared with fair values at the end of the period. The resulting fair value gains or losses are recognised in the Income Statement for that period.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

(ii) **Loan and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money, goods or services directly to a debtor with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reductions for impairment of financial assets. The carrying amount represents its fair value.

3.12.1 **Financial Assets**

(iii) **Held-to-maturity**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

(iv) **Available for Sale Financial Assets**

Available-for-sale financial assets (AFS) are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value in the Statement of Financial Position.

Fair value changes are recognised directly in equity, through the Statement of Changes in Equity. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available-for-sale financial asset is derecognised.

3.12.2 **Derecognition of Financial Assets**

The group and company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. 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/or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Income Statement.

3.12.3 **Financial Liabilities**

Financial liabilities are initially recognised at fair value when the group or company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method.

Financial liabilities are presented as current liabilities if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled after more than 12 months after the reporting date are classified as non-current liabilities.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

3.12.4 De-recognition of Financial Liabilities

The group and company derecognises financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in Income Statement.

3.12.5 Equity Instruments

(i) Share capital

Ordinary share capital are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a reduction from equity, net of any tax effects.

(ii) Retained earnings

Retained earnings include all current and prior periods' reserves.

3.12.6 Effective Interest Method

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

3.12.7 Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments - Disclosures':

Level 1: Quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.

Level 2: Valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities values using model where all significant inputs are observable.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, level 3 valuation technique is used.

3.12.8 Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforcement right to offset the recognized amounts and there is an intention to settle on a net basis or, realize the asset and settle the liability simultaneously.

3.12.9 Impairment of Financial Assets

(i) Assets Carried at Amortised Cost

At each reporting date, the company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

An asset carried at amortised cost is said to be impaired if the carrying amount is higher than the recoverable amount which is calculated as the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Where the asset is impaired, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

3.12.9 Impairment of Financial Assets (Continued)

(ii) Assets Carried at Fair Value

For an available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Where this occurs, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. Impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

3.13 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The group and company hold some investment property. This is a way of diversifying the investment portfolio.

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured.

Investment property is initially measured at cost, including transaction costs. Such cost does not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy. IAS 40 - 'Investment Property' requires assets classified as Investment Property to be subsequently measured at cost or fair value. The group and company applies the fair value model.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognized immediately in profit or loss.

3.14 Related party transactions

Related parties include the related companies, the directors, their close family members and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

4 Critical Accounting Estimates and Judgements

In the application of the company's accounting policies described in note 3, the Directors are required to make judgments, 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 following are the critical judgments, and the key sources of estimating uncertainty, that the directors have made in the process of applying the group's accounting policies:

4.1 Useful Lives of Depreciable Assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence.

4.2 Impairment of Property, Plant and Equipment

DEAP Capital Management & Trust Plc assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared with the recoverable amount. Frequently, the recoverable amount of an asset proves to be the company's estimated value in use. The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

4.3 Taxation

The group tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of this tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under

5 Risk Management Policies

5.1 Introduction

Risk management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition. The key elements of risk management include:

- a Strong corporate governance including relevant and reliable management information and internal control processes;
- b Ensuring significant and relevant skills and services are available consistently to the company;
- c Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- d Keeping abreast of technology and consumer trends and investing capital and resources where required.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

5.2 Significant Risks

The company has exposure to significant risks which are categorized as follows:

- i Regulatory Risk;
- ii Business Environment Risk;
- iii Operational Risk;
- iv Market Risk; and
- v Liquidity Risk;

i Regulatory Risk;

Regulatory risk is the risk arising from a change in regulations, whether legal, taxation or accounting or specific industry regulations that pertain to the business of the company. In order to manage this risk, the company is an active participant in industry and preferred bodies, such as the Chartered Institute of Stockbrokers, Nigerian Stock Exchange, and Securities and Exchange Commission and engages in discussions with policy makers and regulators.

Regulatory Capital Risk

Regulatory capital risk is the risk that the company does not have sufficient capital to meet either minimum regulatory or internal amounts. The Securities and Exchange Commission sets and monitors capital requirements to protect clients and counterparties. The company's objectives in managing capital includes safeguarding the company's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders.

Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for. The company has a policy of ensuring that all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract. All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. As at 31 December 2019, the directors are not aware of any significant obligation not provided for.

Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

The company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

Accounting Risk

Accounting risk is the risk that the company fails to explain the current events of the business in the Financial Statements.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Financial Statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Risk Management Policies (Cont'd)

ii Business Environment Risk

Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Strategic Risk

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyze and react to external factors, which could impact the future direction of the relevant business unit.

Company identifies and assesses both reputational and strategic risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, Company Risk creates an overflow of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

5 Risk Management Policies (Cont'd)

iii Operational Risk

Operational risk is the risk or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

iv Market Risk

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of risk are interest rate risk, market price risk and currency risk. These risks arise from open positions in interest rate, currency equity products, all of which are exposed to general and specific market movements.

Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Equity Price Risk

Equity price risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices.

Investment in all equities and mutual funds are valued at fair value and are therefore susceptible to market fluctuations.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are Certain classes of financial assets such as bonds, term deposits and cash and cash equivalents and Certain accounts within trade and other receivables.

Exposure to this risk is monitored in accordance with parameters which have been approved by the company's Audit Committee and the company's Board as mandated by the Board of the Deap Capital Management & Trust Plc.

v Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity requirements and cash resources are reviewed on a monthly basis. The company's assets are relatively liquid with listed equities, and cash being easily realisable.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

	30.09.2020 N'000	30.09.2019 N'000
6 Cash and Cash Equivalents		
Cash in hand	87	-
Cash at bank	<u>56,775</u>	<u>56,775</u>
	<u><u>56,862</u></u>	<u><u>56,775</u></u>
<p>N56,775,000 represents credit balance in an account with AMCON. This is the proceeds of shares in quoted companies sold by AMCON. This proceeds will ultimately be used to reduce the indebtedness of the company to AMCON.</p>		
	30.09.2020 N'000	30.09.2019 N'000
7 Receivables		
Prepayments	3,156	3,156
Other debtors	14,599	14,599
Other assets	<u>55,212</u>	<u>54,592</u>
	<u>72,967</u>	<u>72,347</u>
Allowance for impairment	(72,247)	(72,247)
Deposit for Shares in Pay Express	<u>4,128</u>	<u>4,128</u>
	<u><u>4,848</u></u>	<u><u>4,228</u></u>
8 Loans & Advances		
Unsecured	<u>41,225</u>	<u>41,225</u>
	<u>41,225</u>	<u>41,225</u>
Allowance for impairment losses (note 8.1)	<u>(41,175)</u>	<u>(41,175)</u>
	<u><u>50</u></u>	<u><u>50</u></u>
8.1 Analysis of allowance for impairment losses:		
Non Performing Loans: - Lost	<u>41,175</u>	<u>41,175</u>
	<u><u>41,175</u></u>	<u><u>41,175</u></u>
9 Available for sale financial assets		
Investments in Quoted Securities	413,477	413,477
Fair value (loss)/gain	<u>(413,477)</u>	<u>(413,477)</u>
	-	-
Investments in Unquoted Securities (note 9.1)	<u>377,116</u>	<u>377,116</u>
	<u><u>377,116</u></u>	<u><u>377,116</u></u>
9.1 Analysis of Investments in unquoted securities:		
DVCF Waste Management	40,000	40,000
Tetrazzini Foods Ltd	30,000	30,000
Pay express	6,752	6,752
Resort Securities & Trust Ltd	151,166	151,166
DVCF Oil & Gas Plc	<u>149,198</u>	<u>149,198</u>
	<u><u>377,116</u></u>	<u><u>377,116</u></u>

The management is of the opinion that the value of the unquoted securities are reasonable.

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER, 2020

	30.09.2020 N'000	30.09.2019 N'000
10 Investment in Associates		
Resort Securities & Trust Ltd	-	-
DVCF Oil & Gas Plc	-	-
	<u>-</u>	<u>-</u>

Resort Securities & Trust Ltd.

Due to divestment in Resort Securities & Trust Ltd the shareholding of Deap Capital Management & Trust Plc reduced from 58% in 2013 to 19%. Therefore, Resort Securities & Trust Ltd is no longer subsidiary nor associate to Deap Capital Management & Trust Plc to an associate company.

DVCF Oil & Gas Plc

DVCF Oil & Gas Plc specialises in project management and structured finance assistance to indigenous contractors in the oil and gas sector. Deap Capital Management & Trust Plc holds 16% of the company.

	30.09.2020 N'000	30.09.2019 N'000
11 Finance Lease		
Gross Investment	31,788	31,788
Allowance for impairment losses (note 12.1)	(31,688)	(31,688)
	<u>100</u>	<u>100</u>
11.1 Analysis of allowance for impairment losses:		
Performing accounts	-	-
Non Performing accounts	31,688	31,688
	<u>31,688</u>	<u>31,688</u>

12 Property, Plant & Equipment

	Furniture & Fittings N'000	Plant & Machinery N'000	Total N'000
Cost			
At 1 October 2019	8,326	720	9,046
Additions	-	-	-
At 30 September 2020	<u>8,326</u>	<u>720</u>	<u>9,046</u>
Depreciation			
At 1 October 2019	8,215	720	8,935
Charge for the year	-	-	-
At 30 September 2020	<u>8,215</u>	<u>720</u>	<u>8,935</u>
Carrying Amount			
At 30 September 2020	<u>111</u>	<u>-</u>	<u>111</u>
At 30 September 2019	<u>111</u>	<u>-</u>	<u>111</u>

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	30.09.2020 N'000	30.09.2019 N'000
13 Ordinary Share Capital		
13.1 Authorised:		
3,000,000,000 Ordinary Shares of 50k each	<u>1,500,000</u>	<u>1,500,000</u>
13.2 Issued and fully paid:		
1,500,000,000 Ordinary Shares of 50k each	<u>750,000</u>	<u>750,000</u>
14 Retained Earnings		
Balance at 1 October	(4,923,600)	(4,913,312)
Prior year adjustment	-	-
Other Adjustments For The Year	-	-
Profit/(Loss) for the year	<u>(49,077)</u>	<u>(10,288)</u>
Balance at 30 September	<u>(4,972,677)</u>	<u>(4,923,600)</u>
15 Deposit For Shares	<u>1,689,154</u>	<u>1,689,154</u>

The N1,689,154 represents part of the amount due to creditors' (Managed Fund Account) that were converted to Equity during the year ended September 30, 2017. The arrangement for the conversion were concluded in 2015. This is now being reflected in the books.

	30.09.2020 N'000	30.09.2019 N'000
16 Managed Accounts		
Customers' deposits for investment	<u>569,437</u>	<u>569,437</u>
	<u>569,437</u>	<u>569,437</u>
17 Borrowings		
Bank Facilities	<u>1,601,329</u>	<u>1,572,080</u>
18 Other Payables		
Accrued Audit Fee	14,088	14,088
Sundry deposits	9,695	9,695
Due to related parties	51,599	51,599
Accounts payable	<u>242,871</u>	<u>222,336</u>
	<u>318,253</u>	<u>297,718</u>

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	30.09.2020 N'000	30.09.2019 N'000
19 Current Tax Liabilities		
At 1 October:	27,216	27,216
Income tax	-	-
Education tax	-	-
	<u>27,216</u>	<u>27,216</u>
Payments during the year:		
Income tax	-	-
Education tax	-	-
Provision for the year:		
Income tax	-	-
Education tax	-	-
At 30 June	<u><u>27,216</u></u>	<u><u>27,216</u></u>
20 Deferred Taxation		
At 1 October	7,890	7,890
Movement during the year	-	-
At 30 June	<u><u>7,890</u></u>	<u><u>7,890</u></u>
21 Fee & Commission Income		
Fee Income	-	-
Other income	1,321	-
	<u><u>1,321</u></u>	<u><u>-</u></u>
22 Administrative Expenses		
Audit fee	-	1,000
Staff cost	15,660	190
NSE Fees	-	893
CSCS Fees	-	403
Registrar's fees	-	200
Other administrative costs	5,489	1,884
Reduction in accrued fees for NSE and SEC	-	(19,822)
	<u><u>21,149</u></u>	<u><u>(15,252)</u></u>

DEAP CAPITAL MANAGEMENT & TRUST PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

	30.09.2020	30.09.2019
	N'000	N'000
23 Finance Costs		
Interest on managed accounts	-	-
Interest on bank borrowings	29,248	25,540
Bank charges	-	-
	<u>29,248</u>	<u>25,540</u>
24 Profit for the year was stated after charging:		
Depreciation	-	-
Directors' emoluments	-	-
Auditors' remuneration	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
25 Directors' Emoluments		
The remuneration to Directors was:		
Fees	-	-
Salaries and other emoluments	-	-
	<u>-</u>	<u>-</u>
Fees and other emoluments disclosed above include amount to:		
Chairman	-	-
Other Directors	-	-
	<u>-</u>	<u>-</u>
26 Employees and Employment		
The average number of persons employed during the year excluding Directors was as follows:		
	Number	Number
Managerial	1	1
Others	1	1
	<u>2</u>	<u>2</u>
	N'000	N'000
The related staff cost amounted to	<u>15,660</u>	<u>190</u>

27 Contingent Liabilities

There were no contingent liabilities as at 31 December 2020 (30 September 2019: Nil).

28 SEC Suspension

Deap Capital Management and Trust Plc has been inactive since its operating licence was suspended in 2014 by Securities and Exchange Commission for five years.

29 Events after Reporting Date

There were no events after the reporting date that could have had a material effect on the Financial Statements of the company that have not been provided for or disclosed in the Financial Statements.

DEAP CAPITAL MANAGEMENT & TRUST PLC

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 30 SEPTEMBER, 2020

	30.09.2020		30.09.2019	
	N'000	%	N'000	%
Gross Income	1,321.00		-	
Bought in materials and services	(95,306)		(78,101)	
Value (Absorbed)/Added	(93,985)	100	(78,101)	100
Applied as follows:				
To pay employees				
Salaries, wages and other benefits	(15,660)	17	(190)	0.24
To pay providers of capital				
Interest payable and similar charges	(29,248)	31	(25,540)	33
To pay government				
Taxation	-	-	-	-
To provide for enhancement of assets and growth				
Deferred taxation	-	-	-	-
Depreciation	-	-	-	-
Retained profit	(49,077)	52	(52,371)	67
Non-controlling interest				
Value (Absorbed)/Added	(93,985)	100	(78,101)	100

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

DEAP CAPITAL MANAGEMENT & TRUST PLC

FIVE YEARS FINANCIAL SUMMARY FOR YEAR ENDED 30 SEPTEMBER, 2020

	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash & Cash Equivalents	56,862	56,775	56,775	56,775	-
Receivables	4,848	4,228	4,228	100	100
Loans and Advances	50	50	50	50	50
Available for sale financial assets	377,116	377,116	377,116	81,405	81,405
Investment Property	-	-	-	-	-
Finance Lease	100	100	100	100	100
Investment in Subsidiaries	-	-	-	-	-
Investment in Associates	-	-	-	300,364	300,364
Property, Plant & Equipment	111	111	111	111	111
Total Assets	439,087	438,380	438,380	438,905	382,130
LIABILITIES					
Managed Accounts	569,437	569,437	569,437	569,437	1,515,721
Borrowings	1,601,329	1,572,080	1,546,540	1,523,322	1,417,492
Payables	318,253	297,718	312,970	440,305	425,738
Current Tax Liabilities	27,216	27,216	27,216	27,216	27,216
Deferred Taxation	7,890	7,890	7,890	7,890	7,890
Total Liabilities	2,524,126	2,474,341	2,464,053	2,568,170	3,394,057
Net Assets	(2,085,039)	(2,035,961)	(2,025,673)	(2,129,266)	(3,011,927)
EQUITIES					
Ordinary Share Capital	750,000	750,000	750,000	750,000	750,000
Share Premium	448,484	448,484	448,484	448,484	448,484
Fair value reserve	-	-	-	-	-
Retained Earnings	(4,972,677)	(4,923,600)	(4,913,312)	(4,882,431)	(4,968,522)
Deposit for Shares	1,689,154	1,689,154	1,689,154	1,554,679	758,110
Shareholders' fund	(2,085,038)	(2,035,961)	(2,025,674)	(2,129,267)	(3,011,927)
INCOME STATEMENT					
Total Income	-	-	-	207	883,479
(Loss)/Profit before taxation	(49,077)	(10,289)	(30,882)	(197,730)	504,961
Taxation	-	-	-	-	-
Other Comprehensive income/(loss)	-	-	-	-	-
(Loss)/Profit after taxation	(49,077)	(10,289)	(30,882)	(197,730)	504,961
PER SHARE DATA - Kobo					
Earnings - basic	(3)	(1)	(14)	(13)	34
Earnings - diluted	(3)	(1)	(14)	(13)	34
Net assets	(139)	(136)	(201)	(199)	(201)

Note:

1. Earnings per share are based on (loss)/profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

2. Net assets per share are based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.