



**NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
FINANCIAL STATEMENTS**

FOR YEAR ENDED 31 DECEMBER 2022



NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
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FOR YEAR ENDED 31 DECEMBER 2022

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**NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
CORPORATE INFORMATION
FOR YEAR ENDED 31 DECEMBER 2022**

Board of Trustees	Ms. Yewande Sadiku	Chairperson	
	Mr. Akinwonuola Atitebi	Trustee	
	Mr. Jonathan Eborah	Trustee	
	Mr. Shuaibu Idris mni	Trustee	
	Mr. Nestor Ikeagu	Trustee	Appointed June 2022
	Mr. Rotimi Obende	Trustee	Appointed March 2022
	Mr. Samuel Adejumo	Trustee	Appointed March 2022
	Mrs. Irene Robinson-Ayanwale	Trustee	Appointed March 2022
Dr. Babatunde Ajibade SAN	Trustee	Appointed March 2022	

Business Office: Nigerian Exchange Group House
2/4 Customs Street
Lagos Island
Lagos

Independent auditor: PricewaterhouseCoopers
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

Bankers:

First Bank of Nigeria Ltd
Samuel Asabia House
35 Marina
Lagos

Access Bank Plc
14/15, Prince Alaba Abiodun
Oniru Road
Victoria Island
Lagos

Guaranty Trust Bank Plc
635 Akin Adesola Street
Victoria Island
Lagos

Zenith Bank Plc
Plot 84 Ajose Adeogun Street
Victoria Island
Lagos

**NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
REPORT OF THE BOARD OF TRUSTEES
FOR YEAR ENDED 31 DECEMBER 2022**

The Board of Trustees of Nigerian Exchange Limited - Investors' Protection Fund presents the annual report on the activities and administration of the Investors' Protection Fund ("the Fund") together with the financial statements and auditor's report for the year ended 31 December 2022 which disclose the state of affairs of the Fund.

(a) Legal form

The Fund was established by The Nigerian Stock Exchange ("The Exchange") in 1988. In accordance with Section 197(2) of the Investments and Securities Act 2007, the responsibility for administration of the Fund is vested in a Board of Trustees. The Exchange re-constituted the Board of Trustees in September 2012 and developed rules that became effective from 21 January 2014.

Further to the demutualization of The Nigerian Stock Exchange and its restructuring into a Group Structure consisting of Nigerian Exchange Group Plc (Non-Operating Holding Company), Nigerian Exchange Limited (Operating Exchange), NGX Regulation Limited (Regulation Company) and NGX Real Estate Limited (Property Company), the Fund formerly known as "The Nigerian Stock Exchange - Investors' Protection Fund" is now known as "Nigerian Exchange Limited - Investors' Protection Fund".

(b) Principal activities and business review

The objective of the Fund is to compensate investors who suffer pecuniary losses arising from:

- (i) the insolvency, bankruptcy or negligence of a trading license holder of The Exchange; and
- (ii) defalcation committed by a trading license holder or any of its directors, officers, employees or representatives in relation to securities, money or any property entrusted to, or received or deemed received by the trading license holder in the course of its business as a capital market operator; as well as to compensate persons who suffer pecuniary loss from the revocation or cancellation of the registration of a trading license holder by the Securities and Exchange Commission ("Commission").

The Fund comprises contributions from The Exchange and its trading license holders and any cumulative surplus from operations.

(c) Operating results

The Fund's results are set out on page 9. The surplus for the financial period under review has been transferred to retained earnings. At the end of the year, the Fund reported a net asset position of N1.33 billion (2021: N1.22 billion)

(d) Trustees interest in contracts

None of the Trustees had direct or indirect interest in contracts or proposed contracts with the Fund during the year.

(e) Trustees' responsibilities

Pursuant to Section 205(1) of the Investments and Securities Act 2007, the Board of Trustees is responsible for establishing and keeping proper books of accounts of the Fund. The Board of Trustees is also responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Fund.

(f) Board activities

In the year under review, the Board of Trustees deliberated on matters involving the operations of the Fund. All Trustees of the Fund have executed and adhere to a Code of Conduct which guides their dealings and commits them to behaving ethically, with integrity and honesty, and working together to achieve the Fund's objectives.

**NIGERIAN EXCHANGE LIMITED- INVESTORS' PROTECTION FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**REPORT OF THE BOARD OF TRUSTEES OF THE INVESTORS' PROTECTION FUND OF NIGERIAN
EXCHANGE LIMITED Cont'd**

(g) Auditor

The independent auditor, Messrs PricewaterhouseCoopers Chartered Accountants (PwC) was appointed in 2013 by order of the Board of Trustees of the Investors' Protection Fund in accordance with Section 205(2) of the Investments and Securities Act 2007 .

PwC have signified their willingness to continue in office as auditors.

(h) Events after the end of the reporting period

The disclosure around subsequent event is shown on Note 21 to the financial statements



Obemi Ikhaghe
Secretary to the Board
FRC/2023/PRO/NBA/070/705720
Lagos, Nigeria
26 May 2023

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR YEAR ENDED 31 DECEMBER 2022

The Investments and Securities Act 2007 requires the Board of Trustees to establish and keep proper books of accounts in relation to Nigerian Exchange Limited- Investors' Protection Fund.

Pursuant to Section 205(1) of the Investments and Securities Act 2007, the Trustees accept responsibility for establishing and keeping proper books of accounts of the Fund.

The Board of Trustees is responsible for the preparation of financial statements which give a true and fair view of the state of affairs in conformity with:

- International Financial Reporting Standards.
- The Financial Reporting Council of Nigeria Act.
- Investments and Securities Act.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its results for the year. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements.

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

SIGNED ON BEHALF OF THE BOARD OF TRUSTEES:



Ms. Yewande Sadiku
FRC/2013/IODN/00000001040
Chairperson, Board of Trustees
26 May 2023



Mr. Shuaibu Idris mni
FRC/2014/ANAN/00000008186
Member, Board of Trustees
26 May 2023



Independent auditor's report

To the Members of Nigerian Exchange Limited – Investors' Protection Fund

Report on the audit of the financial statements

Our opinion

In our opinion, Nigerian Exchange Limited - Investors' Protection Fund ("the Fund's") financial statements give a true and fair view of the financial position of the Fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investments and Securities Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Nigerian Exchange Limited - Investors' Protection Fund's financial statements comprise:

- the statement of financial position as at 31 December 2022;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in net assets for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The trustees are responsible for the other information. The other information comprises Corporate Information, Report of the Board of Trustees, Statement of Trustees' Responsibilities, Statement of Value Added and Five-Year Financial Summary but does not include the financial statements and our auditor's report thereon.

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



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the trustees and those charged with governance for the financial statements

The trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Investments and Securities Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the trustees 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 trustees are responsible for assessing the Fund'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 trustees either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.



- Conclude on the appropriateness of the trustees' 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tolu Adeleke

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Tolulope Adeleke
FRC/2014/ICAN/00000008319



26 May 2023

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022	31 Dec 2021
		N' 000	N' 000
Assets			
Bank balances	8	565,145	199,964
Investment securities at amortised cost	9	978,738	1,230,049
Other receivables	10	-	4,984
Total assets		1,543,883	1,434,997
Liabilities			
Provision for claims	11	142,553	142,150
Other liabilities	12	72,006	70,059
Total liabilities		214,559	212,209
Net assets attributable to the Fund		1,329,324	1,222,788
Represented by:			
Members' contributions		315,120	315,120
Retained earnings		1,014,204	907,668
		1,329,324	1,222,788

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

Signed on behalf of the Board of Trustees on 26 May 2023 by:

Ms. Yewande Sadiku
FRC/2013/IODN/00000001040
Chairperson, Board of Trustees

Mr. Shuaibu Idris mni
FRC/2014/ANAN/00000008186
Member, Board of Trustees

Additionally certified by:
Mr. Adebayo Opatade
Chief Financial Officer
FRC/2018/ICAN/00000018978





NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2022

	Notes	31 Dec 2022 N' 000	31 Dec 2021 N' 000
Income			
Interest income	13	117,188	91,936
Other income - from dealing members	14	10,495	5,784
		<u>127,683</u>	<u>97,720</u>
Expenses			
Claim expense	15	2,173	3,078
Impairment (writeback)/ loss on financial assets	16	3,068	(1,522)
Operating expenses	17	15,906	11,313
		<u>21,147</u>	<u>12,869</u>
Surplus for the year		<u><u>106,536</u></u>	<u><u>84,851</u></u>

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

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE FUND
FOR YEAR ENDED 31 DECEMBER 2022

31 December 2022

	Members' Contributions N' 000	Retained Earnings N' 000	Total N' 000
Balance as at 1 January	315,120	907,668	1,222,788
Surplus for the year	-	106,536	106,536
	315,120	1,014,204	1,329,324

31 December 2021

	Members Contributions N' 000	Retained Earnings N' 000	Total N' 000
Balance as at 1 January	315,120	822,817	1,137,937
Surplus for the year	-	84,851	84,851
	315,120	907,668	1,222,788

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

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 N' 000	31 Dec 2021 N' 000
Cash flows from operating activities			
Surplus for the year		106,536	84,851
Adjustments for:			
Interest income	13	(117,188)	(91,936)
Claims expense	15	2,173	3,078
Impairment (writeback)/charge on financial assets	16	3,068	(1,522)
		(111,947)	(90,381)
Changes in other liabilities	20	1,947	1,528
Changes in other receivables	20	4,984	(2,697)
Interest received		164,640	76,777
Claims paid	11	(1,770)	(4,786)
Net cashflow from operating activities		164,390	65,293
Cashflow from investing activities			
Purchase of investment securities	20	(492,219)	(859,783)
Proceeds from redemption of investment securities	20	693,010	249,325
Net cashflow from investing activities		200,791	(610,459)
Cashflow from financing activities			
Contributions by trading license holders	20	-	-
		-	-
Net decrease in cash and cash equivalents		365,181	(545,166)
Cash and cash equivalents at the beginning of the year		199,964	745,130
Cash and cash equivalents at end of year	8	565,145	199,964

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

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

Nigerian Exchange Limited - Investors' Protection Fund ("the Fund") was established by The Nigerian Stock Exchange ("The Exchange") in 1988, pursuant to Part XIV of the Investments and Securities Act 2007 and is situated at 2/4 Customs Street, Marina, Lagos.

Further to the demutualization of The Nigerian Stock Exchange and its restructuring into a Group Structure consisting of Nigerian Exchange Group Plc (Non-Operating Holding Company), Nigerian Exchange Limited (Operating Exchange), NGX Regulation Limited (Regulation Company) and NGX Real Estate Limited (Property Company), the Fund formerly known as "The Nigerian Stock Exchange - Investors' Protection Fund" is now known as "Nigerian Exchange Limited - Investors' Protection Fund

The primary purpose of the Fund is to compensate investors who suffer a pecuniary loss as a result of the insolvency, bankruptcy or negligence of a dealing member firm or any defalcation by a trading license holders of The Exchange. The Fund comprises contributions from The Exchange and its trading license holders and any cumulative surplus or loss from operations.

In accordance with Section 197 (2) of the Investments and Securities Act 2007, the responsibility for administration of the Fund became vested in a Board of Trustees. The Exchange reconstituted the Board of Trustees in September 2012 and they developed rules that became effective from 21 January 2014.

2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements of the Fund have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as issued by The International Accounting Standards Board (IASB), and with the requirements of the Financial Reporting Council of Nigeria Act and the Investments and Securities Act (ISA).

(i) The financial statements have been prepared in accordance with the going concern principle under the historical cost convention. The financial statements comprise the statements of comprehensive income, financial position, changes in net assets attributable to the board of the fund, changes in cash flows and the notes.

(ii) The preparation of the financial statements in conformity with IFRS requires the Trustees to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5

(iii) These financial statements are presented in Naira, which is the Fund's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

(iv) Certain comparative figures have been reclassified in line with the current year's presentation.

Changes in accounting policies and disclosures

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2022.

(i) New and amended standards and interpretations

The following amendments were effective for the first time in the annual reporting period commencing 1 January 2022:

a) Amendments to IAS 16 -Property, Plant and Equipment - Proceeds before intended use

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

b) Reference to the Conceptual Framework - Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

c) Amendments to IAS 37 - Onerous Contracts Cost of Fulfilling a Contract

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The adoption of these amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(ii) Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for annual reporting periods beginning on or after 1 January 2022:

a) Amendments to IAS 1 and IFRS Practice Statement 2 on disclosure of accounting policies

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

b) Amendments to IAS 1 on classification of liabilities as current or non-current

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment 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 non impacts its classification.

c) IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- . discounted probability-weighted cash flows
- . an explicit risk adjustment, and
- . a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of called the 'variable fee approach' for certain contracts written by life insurers where the general measurement model policyholders share in the returns from underlying items. When applying the variable fee approach, The entity's share of the fair value changes the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

d) Amendments to IAS 8 on definition of accounting estimates

The current version of IAS 8 does not provide a definition of accounting estimates. Accounting policies, however, are defined. Furthermore, the standard defines the concept of a "change in accounting estimates". A mixture of a definition of one item with a definition of changes in another has resulted in difficulty in drawing the distinction between accounting policies and accounting estimates in many instances. In the amended standard, accounting estimates are now defined as, "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

e) Amendments to IAS 12 on Deferred tax related to Assets and liabilities arising from a single transaction

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund

3 Other accounting policies

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest income

Interest income is recognised in the statement of comprehensive income, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable, and interest paid or payable are recognised in the statement of comprehensive income as interest income and interest expense, respectively.

(b) Provisions, contingent liabilities and assets

Provision are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there is 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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund or the Fund has a present obligation as a result of a past event. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount can not be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund.

Contingent assets and liabilities are disclosed in the financial statement when they arise.

Provisions from claims on the Fund are made after the verification process to determine the obligations has been completed. Claims verified below the threshold of N500,000 are fully provided for at verified amounts, while all verified claims above the threshold are provided for using the maximum limit as approved by the Board of Trustees of N500,000 per claim.

Unverified claims are recorded as contingent liabilities in the financial statements based on the Fund's rules which specifies maximum thresholds for a claim.

(c) Taxation

Contributions and fines and penalties received by the Fund, will not be subject to income or capital gains tax as the Fund is not a taxable entity. Interest and dividends accruing on investments made by the Fund are however subject to withholding tax at the rate of 10% deducted at source. Income is recorded gross of withholding taxes in the statement of comprehensive income while the corresponding withholding taxes are expensed in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash at bank, placements with financial institutions, other short-term highly liquid investments (i.e Treasury bills) with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4 Financial assets and liabilities

Initial recognition and measurement

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. The Fund's financial assets include government securities, bank balances and other receivables.

At initial recognition, the Fund measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost to the extent that they do not represent cash and cash equivalents.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Fund recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

4.1 Financial assets

Classification and measurement

The Fund classifies its debt financial assets in the following measurement categories:

- Amortised Cost

The Fund does not have instruments classified at fair value.

a) Business model assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both.

The Fund assesses business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of business model the Fund takes into consideration the following factors:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of assets in a portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the trustees that manages the assets; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- i) Financial assets held with the sole objective to collect contractual cash flows;
- ii) Financial assets held with the objective of both collecting contractual cash flows and selling; and
- iii) Financial assets held with neither of the objectives mentioned in the two categories above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets

(b) Cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund Manager assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(d) Derecognition of financial assets

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

(e) Impairment methodology

The Fund assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost. The Fund does not have financial instruments measured at fair value.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Fund Manager.
- A financial instrument with significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- A financial instrument which is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The Fund's financial instruments subject to impairment relates to investment securities which are government instruments with very low credit risk as these are sovereign instruments with no history of default. A simplified approach was used by the Fund in determining the expected credit losses (ECL) on these instruments.

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

The following factors are considered in assessing objective evidence of impairment:

- Payment defaults.
- Renegotiation of terms of the financial asset due to financial difficulty of the investee fund.
- Disappearance of an active market for an asset due to financial difficulties.

The impairment loss is calculated as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When the Fund considers that there are no realistic prospects of recovering the asset, the relevant amounts are written off.

If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

The Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

(f) Write-off

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Fund makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Fund expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

(g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at the date. A number of the Fund's accounting policies and disclosures require the measurement of fair values, for both financial and non financial assets and liabilities.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation technique that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

4.2 Financial liabilities

(a) Classification and measurement

In both the current and prior period, financial liabilities are recognised initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost. The Fund has no financial liabilities in any other category. The Fund determines the classification of financial liabilities at initial recognition. The financial liabilities include other liabilities and provisions for claims.

(b) Derecognition of financial liabilities

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Fund and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(5) Significant accounting judgements and estimates

The preparation of the financial statements to conform with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Fund has no accounting estimate that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

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6 Financial risk management

The Fund has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Fund maintains positions in a variety of non-derivative financial instruments in accordance with its investment management strategy.

The Fund's investment portfolio comprises short term deposit, treasury bills and bonds with financial institutions in Nigeria. In instances where the portfolio has diverged from target asset allocations, the Fund's management is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

The Fund is not exposed to foreign currency risk as it does not engage in any transaction denominated in foreign currency.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and bank balances, investment in bonds and treasury bills, balances due from the counterparties. For risk management reporting purposes, the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Maximum exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position as follows.

	31-Dec-22	31-Dec-21
	N' 000	N' 000
Bank balances	565,145	199,964
Investment securities	978,738	1,230,049
Other receivables	-	4,984
	<u>1,543,883</u>	<u>1,434,997</u>

(ii) Concentration risk of financial assets with credit risk exposure

Geographical sectors

All credit risk exposures (without taking into account any collateral held or other credit support) are maintained within Nigeria. An analysis of concentration of credit risk as at 31 December 2022 and 31 December 2021 is set out below respectively

	Bank balances	Investment securities	Other receivables	Total
	N'000	N'000	N'000	N'000
31 December 2022				
Nigeria	<u>565,145</u>	<u>978,738</u>	<u>-</u>	<u>1,543,883</u>
31 December 2021				
Nigeria	<u>199,964</u>	<u>1,230,049</u>	<u>4,984</u>	<u>1,434,997</u>

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(iii) Credit quality of financial assets

The Fund's financial assets for the current period and prior periods are classified as stage 1, stage 2 or stage 3.. Classification by credit quality as at 31 December 2022 and 31 December 2021 is set out below:

Credit quality by class

	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
	N'000	N'000	N'000	N'000	N'000
31 December 2022					
Bank balances	565,145	-	-	-	565,145
Investment securities at amortised cost	983,951	-	-	(5,213)	978,738
Other receivables	-	-	-	-	-
	1,549,096	-	-	(5,213)	1,543,883
	Stage 1	Stage 2	Stage 3	ECL	Total
	N'000	N'000	N'000	N'000	N'000
31 December 2021					
Bank balances	199,964	-	-	-	199,964
Investment securities at amortised cost	1,232,195	-	-	(2,146)	1,230,049
Other receivables	4,984	-	-	-	4,984
	1,437,143	-	-	(2,146)	1,434,997

The credit quality of financial assets can be referenced to external credit rating agency (Standard & Poor and Fitch Rating Agencies). The risk of default is considered below

31 December 2022

	AAA - A	BBB - B	Unrated	Total
	N'000	N'000	N'000	N'000
Financial assets				
Cash and bank balances	-	565,145	-	565,145
Investment securities at amortised cost	-	983,951	-	983,951
Other receivables	-	-	-	-
	-	1,549,096	-	1,549,096

31 December 2021

	A - AAA	B - BBB	Unrated	Total
	N'000	N'000	N'000	N'000
Financial assets				
Cash and bank balances	-	199,964	-	199,964
Investment securities at amortised cost	-	1,232,195	-	1,232,195
	-	1,432,159	-	1,432,159

Bank balances

The Fund's cash and bank balances are held with Access Bank Plc, First Bank of Nigeria Limited, Guaranty Trust Bank Plc, and Zenith Bank Plc. The Board of Trustees through the Finance team monitors the financial position of banks on a monthly basis.

Investment securities

The Fund's investment securities are invested in Federal Government securities which are held with Access Bank Plc, First Bank of Nigeria Limited and Guaranty Trust Bank Plc.

Other receivables

Other receivables includes balance received by the Nigerian Exchange Limited on behalf of the Fund.

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(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(i) Management of liquidity risk

The Fund's policy and the Board of Trustees approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated compensation to investors, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's liquidity risk is managed on a daily basis by the Board of Trustees through the investment manager of The Exchange in accordance with policies and procedures in place. The Fund at all times may invest any money not required immediately in any manner in which the Trustees determine as authorised by the Investments and Securities Act.

(ii) Liquidity gap analysis

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

Contractual and undiscounted cashflows

31 December 2022	Carrying Amount	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Bank balances	565,145	566,263	566,263	-	-	-	-
Investment securities	978,738	1,597,106	84,733	-	172,662	-	1,339,711
	1,543,883	2,163,369	650,996	-	172,662	-	1,339,711
Financial liabilities							
Provision for claims	142,553	142,553	142,553	-	-	-	-
Other liabilities	72,006	72,006	72,006	-	-	-	-
	214,559	214,559	214,559	-	-	-	-
Gap (Assets - Liabilities)	1,329,324	1,948,810	436,437	-	172,662	-	1,339,711
31 December 2021	Carrying Amount	Gross nominal value	0 - 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 5 years
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets							
Bank balances	199,964	200,147	200,147	-	-	-	-
Investment securities	1,230,049	1,165,000	-	490,000	55,000	-	620,000
Other receivables	4,984	4,984	4,984	-	-	-	-
	1,434,997	1,370,131	205,131	490,000	55,000	-	620,000
Financial liabilities							
Provision for claims	142,150	142,150	142,150	-	-	-	-
Other liabilities	70,059	70,059	70,059	-	-	-	-
	212,209	212,209	212,209	-	-	-	-
Gap (Assets - Liabilities)	1,222,788	1,157,922	(7,078)	490,000	55,000	-	620,000

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(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Management of market risk

The Fund's strategy for the management of market risk is driven by the Fund's investment objective, which focuses on long-term growth while taking into cognizance the preservation of investor capital.

The Fund's market risk is managed on a daily basis by the investment manager in accordance with policies and procedures in place.

(i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest securities that expose the Fund to fair value interest rate risk.

The Fund also holds some of its investment in short term fixed deposit. Due to the short term nature of investments, the exposure to fair value interest rate risk is considered immaterial.

Table below summarises the Fund's interest rate gap position.

31 December 2022	Non Interest bearing N'000	Fixed Interest bearing N'000	Carrying amount N'000
Assets			
Bank balances	317,625	247,520	565,145
Investment securities	-	978,738	978,738
	317,625	1,226,258	1,543,883
Liabilities			
Provision for claims	142,553	-	142,553
Other liabilities	72,006	-	72,006
	214,559	-	214,559
31 December 2021			
Assets			
Bank balances	139,017	60,947	199,964
Investment securities	-	1,230,049	1,230,049
Other receivables	4,984	-	4,984
	144,001	1,290,996	1,434,997
Liabilities			
Provision for claims	142,150	-	142,150
Other liabilities	70,059	-	70,059
	212,209	-	212,209

(ii) Currency risk and equity risk

The Fund is not exposed to currency risk and equity risk as it does not have foreign currency denominated transaction and does not have investments in equities.

(d) Fair value of financial assets and liabilities

- Financial Instruments not measured at fair value

All of the Fund's financial assets and liabilities are measured at amortised cost. Due to the short maturity of the Fund's financial instruments, the amortised cost closely approximates the fair value.

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The table below shows the analysis of the financial instruments:

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Carrying Value N'000	Fair Value N'000	Carrying Value N'000	Fair Value N'000
Financial assets				
Bank balances	565,145	565,145	199,964	199,964
Investment securities	978,738	950,673	1,230,049	1,220,758
Other receivables	-	-	4,984	4,984
	1,543,883	1,515,818	1,434,997	1,425,706
Liabilities				
Provision for claims	142,553	-	142,150	142,150
Other liabilities	72,006	-	70,059	70,059
	214,559	-	212,209	212,209

The table below set out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Fair value N'000	Carrying value N'000
31 December 2022					
Assets					
Bank balances	-	-	565,145	565,145	565,145
Investment securities	-	950,673	-	950,673	978,738
	-	950,673	565,145	1,515,818	1,543,883
Liabilities					
Provision for claims	-	-	142,553	142,553	142,553
Other liabilities	-	-	72,006	72,006	72,006
	-	-	214,559	214,559	214,559
31 December 2021					
Assets					
Bank balances	-	-	199,964	199,964	199,964
Investment securities	-	1,220,758	-	1,220,758	1,230,049
Other receivables	-	-	4,984	4,984	4,984
	-	1,220,758	204,948	1,425,706	1,434,997
Liabilities					
Provision for claims	-	-	142,150	142,150	143,858
Other liabilities	-	-	70,059	70,059	68,531
	-	-	212,209	212,209	212,389

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

-Financial Instruments measured at fair value

IFRS 7 para 25 requires the disclosures of the fair value of financial assets and liabilities by class in a way that that permits it to be compared with its carrying amount for each class of financial assets and financial liability. The Fund's financial instruments are receivables, investment securities and cash and bank balances which are carried at amortised cost. The Fund does not have any financial instruments that are carried at fair value.

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7 Capital management

The Capital of the Fund is considered to be the net assets attributable to the members of Nigerian Exchange Limited since the inception of the Fund. The Fund's objectives when managing its capital contributions are to safeguard its ability to continue as a going concern in order to provide compensation to members of the investing public who have suffered pecuniary loss as a result of the insolvency, bankruptcy or negligence of a trading license holder or any defalcation by a trading license holder of NGX.

In order to maintain its capital structure, the Fund is regularly monitored by the Board of Trustees who determines the nature of investments of the Fund's assets as well as the level of contribution of trading license holders of the Fund.

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8 Bank balances

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
Bank balances	317,625	139,017
Fixed deposits	247,520	60,947
Allowance for ECL impairment (see note 8(a) below)	-	-
	<u>565,145</u>	<u>199,964</u>

(a) Movement in the allowance for impairment with respect to placements during the year was as follows.

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
Balance as at 1 January	-	1,378
Impairment (writeback)/charge on fixed deposits	-	(1,378)
Balance as at 31 December	<u>-</u>	<u>-</u>

9 Investment securities at amortised cost

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
Investment in treasury bills	-	535,931
Investment in FGN bonds	904,284	696,264
Investment in commercial papers	79,667	-
Allowance for ECL impairment (see note 9(a) below)	(5,213)	(2,146)
	<u>978,738</u>	<u>1,230,049</u>
Current	189,258	535,677
Non-current	789,480	694,372
	<u>978,738</u>	<u>1,230,049</u>

(a) Movement in the allowance for impairment with respect to debt securities at amortised cost during the year was as follows.

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
Balance as at 1 January	2,146	3
Impairment charge on treasury bills and bonds	3,068	2,143
Balance as at 31 December	<u>5,214</u>	<u>2,146</u>

10 Other receivables

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
Due from Nigerian Exchange Group Plc	122,397	127,381
Due from trading license holders	30,491	30,491
Impairment for credit losses (10a)	(152,888)	(152,888)
	<u>-</u>	<u>4,984</u>

The other receivable balance for the prior year are all current.

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Due from Nigerian Exchange Group Plc represents fees, fines and penalties collected on behalf of the Fund by NGX Group which have been fully provided for as recoverability of the amount is in doubt.

Due from trading license holders represents recoverables from firms with a trading license to trade on the floor of The Exchange for the reimbursement of compensation sum paid out in respect of the claim against such TLH in line with Section 218 of the Investments and Securities Act. The balance has been fully provided for as recoverability of the amount is in doubt.

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
(a) Movement in impairment on other receivables is shown below		
Balance at 1 January	152,888	155,175
Impairment charge/(writeback) on other receivables	-	(2,287)
Balance at 31 December	<u>152,888</u>	<u>152,888</u>

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
11 Provision for claims		
Provision for claims as at 1 Jan	142,150	143,858
Current year provision	2,173	3,078
Benefits paid	(1,770)	(4,786)
	<u>142,553</u>	<u>142,150</u>
Current	<u>142,553</u>	<u>142,150</u>

Provisions are made on the Fund based on verified claims by investors.

Total number of claims verified under Board of Trustees approved methodology as at 31 December 2022 is 893 (Dec 2021: 887). Of this total number, 370 (Dec 2021: 363) claimants have been paid the total of N107.1 million (Dec 2021: N105.3 million). A total provision of N143m have been provided for in full as at 31 December 2022. The Board of Trustees (BoT) of the Fund approved the increase of the maximum compensation sum to investors who have suffered pecuniary losses from N400,000 to N500,000 which took effect from 18 November 2021 and does not apply to claims made to the Fund before the approval of the increase.

	31 Dec 2022	31 Dec 2021
	N' 000	N' 000
12 Other liabilities		
Provision for litigation	58,440	55,580
Due to Nigerian Exchange Group Plc	333	333
Withholding tax payable	338	291
Due to DataPro	198	374
Fees and expenses payable	12,697	13,481
	<u>72,006</u>	<u>70,059</u>
Current	13,233	14,479
Non current	58,773	55,580
	<u>72,006</u>	<u>70,059</u>

	31 Dec 2022	31 Dec 2021
	N'000	N'000
13 Interest income on investments at amortised cost		
Interest income on money market placements	4,031	4,013
Interest income on treasury bills	4,865	32,558
Interest income on commercial papers	14,451	-
Interest income on FGN Bonds	93,841	55,365
	<u>117,188</u>	<u>91,936</u>

	31 Dec 2022	31 Dec 2021
	N'000	N'000
14 Other income		
Recoveries from investors	2,195	800
Recoveries from trading license holders	8,300	4,984
	<u>10,495</u>	<u>5,784</u>

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Recoveries from trading license holders represent recouped compensation paid out in respect of claims against DMFs who were eligible to be allocated shares in the demutualised Exchange ("Eligible DMFs").

Recoveries from investors relates to refunds from investors to the Fund in-leiu of compensation paid to investors by the DMFs

	31 Dec 2022	31 Dec 2021
	N'000	N'000
15 Claims expenses		
Claims expenses	2,173	3,078
	2,173	3,078

	31 Dec 2022	31 Dec 2021
	N'000	N'000
16 Impairment charge on financial asset		
Impairment charge on debt instruments measured at amortised cost	3,068	765
Impairment charge/(writeback) on other receivables	-	(2,287)
	3,068	(1,522)

	31 Dec 2022	31 Dec 2021
	N'000	N'000
17 Operating expenses		
Professional fees	315	191
Trustees emolument (see note 17.1 below)	475	1,066
Audit fees	6,000	6,000
Withholding tax on investments	588	108
Litigation expenses	5,940	3,170
Other expenses	2,588	778
	15,906	11,313

17.1 Trustees' emoluments

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Remuneration paid to the Trustees was:		
Sitting allowances	475	925
Other directors expenses	-	141
	475	1,066

Sitting allowances and other emoluments disclosed above include amounts paid to:

Chairman	75	225
Highest paid Trustee	75	225

The average number of trustees during the year who earned more than N50,000 is shown below:

	31 Dec 2022	31 Dec 2021
N50,000- N100,000	9	4
N100,001- N150,000	-	4
Above N150,000	-	-
	9	8

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or if one other party controls both. The Fund is primarily controlled by the Board of Trustees. As of the reporting date, the Fund had a receivable of N152.9 million from Nigerian Exchange Group Plc, which is made up primarily of fees, penalties, and contributions received by Nigerian Exchange Group Plc on behalf of the Fund. These balances of N152.9 million had been impaired in prior periods as it's recoverability is in doubt, as disclosed in Note 10 of the financial statements.

19 Contingent liabilities and commitments

(i) Contingent liabilities

(a) Legal Proceedings

The Fund is involved in six active law suits and one suit awaiting execution as at 31 December 2022. The six active suits have a total claim of N370m. Initial rulings of the Investments and Securities Tribunal on four of the cases were to the effect that the claimants be compensated from the Fund while the Tribunal dismissed the claims of the Plaintiff in two cases. Two of these claims arose whilst Investments and Securities Act 1999 was in force. That Act provided for full compensation for claims. The Fund is appealing these two rulings on technical grounds. The other four legal cases were instituted by investors after Investments and Securities Act 2007 and the 2007 approved rules of the Fund were in force. Five cases are on appeal, while the other is seeking to regularize the notice of appeal which was filed out of time. For the cases that are on appeal, the Trustees are appealing that the claim amounts to be paid should not exceed the limits set out in the Commission's approved 2014 Investors' Protection Fund Rules of Operation.

(b) Provision for claims

The Fund is aware of 1,058 claims; 18 of these claims are yet to be verified by Nigerian Exchange Limited in accordance with Section 213 of the Investments and Securities Act 2007. No provision has been made in the books in respect of these claims but management estimates that based on the limits set by the Investors' Protection Fund Rules, the total contingent liability in respect of these unverified claims will not exceed N7.2m (which is the total unverified claims multiplied by the maximum amount payable of N500,000).

(ii) Capital commitments

The Fund had no capital commitments in respect of authorized and contracted capital projects as at 31 December 2022 (Dec 2021: Nil)

20 Statement as cashflow workings

(i) Investment Securities

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Opening	1,230,048	605,196
Purchase of investment securities	492,219	859,783
Proceed from matured securities	(693,010)	(249,325)
Interest income	113,158	87,923
Interest received	(160,610)	(71,386)
Impairment	(3,068)	(2,143)
	978,737	1,230,048

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(ii) Placements

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Opening	197,208	745,130
Additions	484,620	1,457,973
Proceed from matured securities	(116,683)	(2,003,139)
Impairment writeback/(charge)	-	(1,378)
Interest income	4,031	4,013
Interest received	(4,031)	(5,391)
	565,145	197,208

(iii) Other receivables

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Opening balance	2,697	-
Additions	8,300	4,984
Movement in impairment provision	(2,697)	(2,287)
Receipts	(13,284)	-
	(4,984)	2,697

(iv) Other liabilities

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Opening balance	70,059	68,531
Movement	1,947	1,528
	72,006	70,059

(v) Members' contributions

	31 Dec 2022	31 Dec 2021
	N'000	N'000
Opening balance	315,120	315,120
Movement	-	-
	315,120	315,120

21 Events after the reporting period

There were no significant events between the statement of financial position date and the approval dates of these financial statements that would require an adjustment or additional disclosure.

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
OTHER NATIONAL DISCLOSURES: STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022		31 Dec 2021	
	N' 000	%	N' 000	%
Income				
Total revenue	127,683	119%	97,720	114%
Cost of brought in goods and services (local)	(20,672)	-19%	(11,803)	-14%
Value added	107,011	100%	85,917	100%
Distribution of value added:				
Trustees emolument	475	0%	1,066	1%
Retained in the Fund to augment reserve	106,536	100%	84,851	99%
	107,011	100%	85,917	100%

NIGERIAN EXCHANGE LIMITED - INVESTORS' PROTECTION FUND
OTHER NATIONAL DISCLOSURES: FIVE YEAR FINANCIAL SUMMARY
FOR YEAR ENDED 31 DECEMBER 2022

Statement of financial position	31 Dec 22	31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
	N' 000				
ASSETS:					
Bank balances	565,145	199,964	745,130	697,932	353,003
Other receivables	-	4,984	-	-	-
Investment securities	978,738	1,230,049	605,196	609,057	826,767
Total assets	1,543,883	1,434,997	1,350,326	1,306,989	1,179,770
LIABILITIES:					
Provision for claims	142,553	142,150	143,858	150,214	135,335
Other liabilities	72,006	70,059	68,531	64,231	59,922
Total liabilities	214,559	212,209	212,389	214,445	195,257
EQUITY					
Net assets attributable to the Fund	1,329,324	1,222,788	1,137,937	1,092,544	984,513
	1,329,324	1,222,788	1,137,937	1,092,544	984,513
Total equity and liabilities	1,543,883	1,434,997	1,350,326	1,306,989	1,179,770
Statement of comprehensive income					
	31 Dec 22	31 Dec 21	31 Dec 20	31 Dec 19	31 Dec 18
	N' 000				
Interest and other income	127,683	97,720	102,108	159,195	134,611
Operating & claim expenses	(21,147)	(12,869)	(57,715)	(51,164)	(50,891)
Surplus for the year	106,536	84,851	44,393	108,031	83,720