Lagos:
4th & 5th Floors, Fortune Towers
27/29, Adeyemo Alakija Street
Victoria Island, Lagos
Abuja:
2nd Floor, Leadway House,
Plot 1061, Cadastral Avenue,
Central Business District, Abuja, FCT
Telephone: +234 1 2701182
Email: info@etranzact.com
www.etranzact.com

eTRANZACT INTERNATIONAL PLC

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

eTRANZACT INTERNATIONAL PLC

REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2021

Table of Contents

eTRANZACT INTERNATIONAL PLC
Report of the Directors
For the year ended 31 December 2021

The directors present their annual report on the affairs of eTranzact International Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2021.

Legal Form and Principal Activities

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

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

	2021	2020
	N'000	N'000
Revenue	23,584,553	22,724,284
Gross Profit	2,804,899	1,146,203
Operating profit/(loss)	332,241	(2,144,793)
Profit/(loss) before income tax expense	536,037	(1,870,334)
Income tax expense	(80,288)	(18,658)
Profit/(loss) after income tax expense	**455,749**	**(1,888,992)**

Shareholders With More Than 5% Interest

	31 December 2021		31 December 2020	
Name of the Company	**Number of shares**	**%**	**Number of shares**	**%**
eTranzact Global Limited	2,113,903,449	31.86%	2,113,903,449	50.33%
Access Bank Nigeria Plc	1,579,258,416	23.80%	229,477,314	5.46%
Sybase Nigeria Business Solutions Ltd	568,014,565	8.56%	568,014,565	13.52%
Blue Account GASL Nominee Ltd	544,163,523	8.20%	257,761,669	6.14%
Ecobank Transnational Incorporated	-	-	240,000,000	5.71%
Multi-Harvest Properties Limited	-	-	233,000,000	5.55%

Share Capital
As at 31 December 2021, the authorised share capital of the Company is Four Billion, Six Hundred Million Naira (N4,600,000,000) divided into Nine Billion, Two Hundred Million (9,200,000,000) ordinary shares of 50kobo each.

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

There was an increase of N1,217,283,241 in paid-up issued share capital during the year which is made up of 2,434,566,480 ordinary shares. The additional share capital is a result of the right issues that was completed during the year.

As at date, the Company has an authorised share capital of N4,600,000,000 divided into 9,200,000,000 ordinary shares of 50kobo each and a paid up share capital of N3,317,283,241.50 divided into 6,634,566,483 ordinary shares of 50kobo each.

Directors and their Interests in Shares

The Directors of the Company who held office during the year together with their interests in the shares of the Company at 31 December 2021 are shown below:

Name of Director & Company	31 December 2021			31 December 2020		
	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Mr. Anthony Egbuna (eTranzact Global Limited)	-	2,113,903,449	31.86	-	2,113,903,449	50.33
Mrs Olayimika Phillips (Sybase Business Solutions Limited)	-	568,014,565	8.56	-	568,014,565	13.52
Mr. Victor Etuokwu (Access Bank Plc)	-	1,579,258,416	23.80	-	229,477,314	5.46
Mr. Wole Abegunde (Meristem Securities Limited)	-	164,702,048	2.48	-	50,400,000	1.20
Mr. Niyi Toluwalope	35,518,304	-	0.54	16,587,618	-	0.39

Directors Interest in Contracts

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

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

Property, Plant and Equipment

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

Employment and Employees:

i. **Employment Policy**

The Company gives equal opportunity to all applicants including disabled persons. All employees whether or not disabled are given equal opportunity for career growth and development. As at 31 December 2021, no disabled person applied for employment in the Company.

ii. **Health, Safety and Welfare of Employees**

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

iii. **Employees Involvement and Training**

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

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

iv. **Donations**

In compliance with Section 43(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose, nor other donations, during the year (2020: Nil).

v. **Format of Accounts**

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

vi. Independent Auditor

The Auditors, Messrs. Ernst & Young has indicated their willingness, to continue in office as the Company's Auditors in accordance with Section 401 (2) of the Companies and Allied Matters Act 2020.

BY ORDER OF THE BOARD

Chidinma Onwubere
PAC SOLICITORS (Company Secretary)
FRC/2015/NBA/00000011359
16, Kofo Abayomi Street,
Victoria Island, Lagos State
Tel: 09099298887, 08063480070
28 March 2022

eTRANZACT INTERNATIONAL PLC
Statement of Corporate Responsibility for the Financial

StatementsFor the year ended 31 December 2021

In line with the provision of Section 405 of Companies and Allied Matter Act 2020, we have reviewed the audited financial statementsof the Company for the year ended 31 December 2021 based on our knowledge confirm as follows:

i. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would makethe statements misleading.

ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2021.

iii. The Company's internal controls for the year 2021 have been designed to ensure that all material information relating to the Companyis received and provided to the Auditors in the course of the audit.

iv. The Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December2021.

v. That we have disclosed to the Company's Auditor and Audit Committee the following information:

   a. there are no significant deficiencies in the design or operation of the Company internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditor any weaknesses in internal controls observed in the course of the audit.

   b. there is no fraud involving management or other employees which could have any significant role in the Company internal control.

vi. There are no significant changes in internal controls or in the other factors that could significantly affect internal controls subsequent to the date of this audit. including any corrective actions with regard to any observed deficiencies and material weaknesses.

Mr. Niyi Toluwalope
Chief Executive Officer
FRC/2013/ICAN/00000002251
28 March 2022

Mr. Emmanuel Ogunji
Chief Financial Officer
FRC/2014/ICAN/00000007266
28 March 2022

eTRANZACT INTERNATIONAL PLC

Statement of Directors Responsibilities in Relation to the Preparation of Financial Statements For the year ended 31 December 2021

The Directors of eTranzact International Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2021, and the results of its operations, cash flows and changes inequity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20,vLaws of the Federation of Nigeria, 2020, and the Financial Reporting Council of Nigeria Act, 2011.

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

* properly selecting and applying accounting policies;
* presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
* providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
* making an assessment of the Company's ability to continue as a going concern.
* designing, implementing and maintaining an effective and sound system of internal controls throughout the Company.
* maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
* maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
* taking such steps as are reasonably available to them to safeguard the assets of the Company; and
* preventing and detecting fraud and other irregularities.

Going Concern:

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

The financial statements of the Company for the year ended 31 December 2021 were approved by the directors on 28 March 2022.

On behalf of the Directors of the Company

Mr. Wole Abegunde
Chairman
FRC/2014/CISN/00000010043

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

eTRANZACT INTERNATIONAL PLC

Report of the Statutory Audit Committee

For the year ended 31 December 2021

To the members of eTranzact International PLC

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

• In our opinion, the accounting and reporting policies of the Company are in accordance with the legal requirements and agreed ethical practices.

• We reviewed the plan and scope of both the external and internal audits and were satisfied that they reinforce the Company's internal control.

• We reviewed the Audited Financial Statements of the Company and were satisfied with the External Auditors report that they received Management's cooperation and responses in the course of their audit.

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

Dated this 28th day of March 2022

Members of the Audit Committee

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

Ernst & Young
10th Floor, UBA House
57, Marina
Lagos, Nigeria

Tel: +234 (01) 844 996 2/3
Fax: +234 (01) 463 0481
ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ETRANZACT INTERNATIONAL PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of eTranzact International Plc ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and a summary of significant accounting policies and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the relevant provisions of the Companies and Allied Matters Act 2020, and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ETRANZACT INTERNATIONAL PLC - Continued

Key audit matters - continued

Key audit matters	How our audit addressed the matter
Expected Credit Loss (ECL) assessment of trade and other receivables at amortised cost. The gross carrying amount of the Company's trade and other receivables as at 31 December 2021 measured at amortised cost is N1.31 billion and the associated expected credit loss (ECL) is N346 million. This is considered significant to the financial statements. This was considered a key audit matter as it requires significant judgment to determine the ECL under IFRS 9: *Financial Instruments.* In assessing trade receivables for impairment, the simplified approach was applied using the provision matrix method and as such not assessed for a significant increase in credit risk. The loss rates are based on days past due for groupings of various customer segments with similar loss patterns. The approach also involves the application of a considerable level of judgment and estimation in determining inputs for ECL calculation such as: • Determining loss rates using the historical loss record • Adjusting the loss rates by incorporating forward-looking information • Selecting macroeconomic variables that impact receivables This is considered a key audit matter in the financial statements given the level of complexity and judgment involved in the process which required considerable audit time and expertise. ECL assessment is disclosed in Note 22 to the financial statements and note 3.14.1 of the summary of the significant accounting policies.	Our audit procedures included the following: ▪ We reviewed and documented management's process for the impairment assessment of trade receivables. ▪ We reviewed how the loss rates were determined including the repayment history for possible repayment default. ▪ We assessed the various macro-economic factors considered in incorporating forward-looking information and also assigning probability weights to the multiple scenarios. ▪ We performed detailed procedures on the completeness and accuracy of the information used.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ETRANZACT INTERNATIONAL PLC - Continued

Key audit matters - continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "eTranzact International Plc Annual Report and Audited Financial Statements for the year ended 31 December 2021", which includes Report of the Directors, Statement of Corporate Responsibility for the Financial Statements, Statement of Directors' Responsibilities in Relation to the Preparation of Financial Statements, Report of the Statutory Audit Committee and Other National Disclosures as required by the Companies and Allied Matter Act, 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ETRANZACT INTERNATIONAL PLC - Continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Fifth Schedule of the Companies and Allied Matters Act, 2020, 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 the audit;

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

Jamiu Olakisan
FRC/2013/ICAN/00000003918
For: Ernst & Young
Lagos, Nigeria

Date: 29 March 2022

eTRANZACT INTERNATIONAL PLC

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 N'000	2020 N'000
Revenue	5	23,584,553	22,724,284
Cost of sales	6	(20,779,654)	(21,578,081)
Gross profit		**2,804,899**	**1,146,203**
Selling and marketing costs	7	(104,189)	(68,398)
Administrative expenses	8	(2,303,495)	(2,058,143)
Other expenses	8A	-	(1,047,978)
Impairment charges	8B	(64,973)	(116,477)
Operating profit/(loss)		**332,241**	**(2,144,793)**
Interest income using the effective interest method	10	111,348	155,389
Interest expense using the effective interest method	10	(34,202)	(17,487)
Other income	11	126,650	136,557
Profit/(loss) before income tax expense		**536,037**	**(1,870,334)**
Income tax expense	13	(80,288)	(18,658)
Profit/(loss) for the year		**455,749**	**(1,888,992)**

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

Earnings/(loss) per share

Basic and diluted earnings/(loss) per share (in kobo)	14	**7**	**(39)**

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

eTRANZACT INTERNATIONAL PLC

Statement of Financial Position
As at 31 December 2021

	Note	31/12/2021 N'000	31/12/2020 N'000
Non-current assets			
Property, plant and equipment	15	789,103	673,505
Investment property	16	136,810	302,226
Intangible assets	17	149,280	163,752
Deposit for shares	18	456,755	456,755
Total non-current assets		**1,531,948**	**1,596,238**
Current assets			
Inventories	21	1,278,609	575,477
Trade and other receivables	22	963,497	702,520
Other assets	20	1,240,463	262,820
Cash and short term deposits	23	5,896,939	3,638,710
Total current assets		**9,379,508**	**5,179,527**
Total assets		**10,911,456**	**6,775,765**
Equity			
Share capital	26	3,317,283	2,100,000
Share premium	26	2,969,824	646,875
Accumulated losses	27	(3,873,416)	(4,329,165)
Total equity/(deficit)		**2,413,691**	**(1,582,290)**
Non current liabilities			
Deferred grant income	25.1	90,396	92,596
Long term loan	25	292,470	261,080
		382,866	**353,676**
Current liabilities			
Trade and other payables	24	7,802,480	7,807,698
Current income tax liabilities	13	219,059	149,480
Current portion of deferred grant income	25.1	17,051	14,695
Current portion of long term loan	25	76,309	32,506
Total current liabilities		**8,114,899**	**8,004,379**
Total liabilities		**8,497,765**	**8,358,055**
Total equity and liabilities		**10,911,456**	**6,775,765**

The financial statements were approved by the Board of Directors on 28 March 2022 and signed on its behalf by:

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

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

Mr. Wole Abegunde
Chairman
FRC/2014/CISN/00000010043

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

eTRANZACT INTERNATIONAL PLC

Statement of changes in equity
For the year ended 31 December 2021

	Note	Share capital N'000	Share premium N'000	Accumulated losses N'000	Total N'000
For the year ended 31 December 2020					
Balance at 1 January 2020		**2,100,000**	**646,875**	**(2,440,173)**	**306,702**
Loss for the year		-	-	(1,888,992)	(1,888,992)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income		-	-	(1,888,992)	(1,888,992)
Balance at 31 December 2020		**2,100,000**	**646,875**	**(4,329,165)**	**(1,582,290)**
For the year ended 31 December 2021					
Balance at 1 January 2021		**2,100,000**	**646,875**	**(4,329,165)**	**(1,582,290)**
Profit for the year		-	-	455,749	455,749
Other comprehensive income for the year		-	-	-	-
Total comprehensive income		-	-	455,749	455,749
Transactions directly affecting owners of the Company					
Rights issue	26	1,217,283	2,434,566	-	3,651,849
Rights issue expenses	26	-	(111,617)	-	(111,617)
		1,217,283	2,322,949	-	3,540,232
Balance at 31 December 2021		**3,317,283**	**2,969,824**	**(3,873,416)**	**2,413,691**

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

eTRANZACT INTERNATIONAL PLC

Statement of cash flows
For the year ended 31 December 2021

	Note	2021 N'000	2020 N'000
Cash flow from operating activities			
Cash receipt from customers		23,323,576	23,085,822
Cash paid to suppliers and employees		(24,602,138)	(22,810,499)
Cash (used in)/generated from operations		(1,278,563)	275,323
Interest expense paid	10	34,202	20,042
Income taxes paid	13.2	(10,709)	(106,890)
Net cash (used in)/ generated from operating activities	30	**(1,255,070)**	**188,475**
Cash flow from investing activities			
Purchase of property, plant and equipment	15	(408,601)	(369,453)
Additions to intangible assets	17	(47,404)	(33,832)
Investment income received	10	111,348	155,389
Proceeds from disposal of investment property		268,155	315,295
Movement in restricted cash balance		(2,307,244)	267,586
Movement in fixed deposit with maturity of more than 3 months at year end		17,046	(642,535)
Proceeds from sale of property, plant and equipment		-	762
Net cash used in investing activities		**(2,366,702)**	**(306,789)**
Cash flow from financing activities			
Proceeds from rights issue	26	3,651,849	-
Right issue cost	26	(111,617)	-
Principal repayment of long term loan	25	(35,714)	-
Interest payment	25	(23,138)	(20,042)
Long term obtained	25	100,000	-
Net cash generated from/(used in) financing activities		**3,581,379**	**(20,042)**
Net decrease in cash and cash equivalents		(40,392)	(138,356)
Effects of exchange difference on cash and cash equivalents		23,910	7,617
Cash and cash equivalents at 1 January	23	922,786	1,053,525
Cash and cash equivalents at 31 December	23	**906,303**	**922,786**

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

1.0 Description of business

eTranzact International Plc. was incorporated as a Private Limited Liability Company in 2003. It became a Public Limited Liability Company in 2009 and has since been quoted on the Nigerian Stock Exchange. The majority shareholder is eTranzact Global, a company incorporated in British Virgin Islands, with a shareholding of 31.86% while the remaining shareholding is held by diverse group of shareholders including institutional investors.

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

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

The registered addressed of the Company is 4th and 5th Floors, Fortune Towers, 27/29, Adeyemo Alakija Street, Victoria Island, Lagos.

1.1 Statement of compliance

The financial statements of eTranzact International Plc. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

1.2 Composition of financial statements

The financial statements of the Company consist of the following:

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

1.3 Financial period

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

1.4 Going concern

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

1.5 Functional Currency

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

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

The following standards issued by the International Accounting Standards Board (IASB) have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2021.

2.1 Standards/amendments issued that became effective during 2021

In the current year, the Company has not applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are effective for an accounting period that begins on or after 1 January 2021.

* COVID-19 Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16 (Effective date 1 April 2021)
* Interest Rate Benchmark Reform - Phase 2 - Amendedments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Effective date 1 January 2021)

The two amendedments had no impact on the financial statements of the Company.

Standards/amendments issued but not yet effective

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

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

* Reference to the Conceptual Framework - Amendedments to IFRS 3 (Effective date 1 January 2022).
* Property, Plant and Equipment: proceeds before intended use - Amendedments to IAS 16 (Effective date 1 January 2022).
* Onerous Contract - cost of fulfilling a Contract - Amendedments to IAS 37 (Effective date 1 January 2022).
* IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter (Effective date 1 January 2022).
* IAS 41 Agriculture – Taxation in fair value measurements (Effective date 1 January 2022).
* IFRS 17 Insurance Contracts (Effective date 1 January 2023).
* IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (Effective date 1 January 2022).
* Amendments to IAS 1: Classification of Liabilities as Current or Non-current (Effective date 1 January 2023).
* Definition of Accounting Estimates - Amendedment to IAS 8 (Effective date 1 January 2023).
* Disclosure on Accounting Policies - Amendedment to IAS 1 and IFRS Practical Statement 2 (Effective date 1 January 2023).
* Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (Effective date 1 January 2023).

3. Significant accounting policies

3.1 Statement of Compliance

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

3.2 Basis of preparation and measurement

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

3.3 Revenue

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

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

3.3.1 Fee and commission income

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

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

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

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

3.3.2 Mobile airtime sales

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

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

3.3.3 Interest Income

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

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

3.3.4 Dividend Income

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

3.4 Segment reporting

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

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

3.5 Foreign currency translation

Foreign currency transactions that are denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. If several exchange rates are available, the rate to be used is the rate at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.6 Income tax

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

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

3.6.1 Current income tax

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

3.6.2 Deferred tax

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

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

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

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

3.7 Earnings/(loss) per share

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

3.8 Employee Benefits

3.8.1 Defined Contribution Plans

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

3.8.2 Other employee benefits

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

3.8.3 Termination benefits

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

3.9 Inventories

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

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

3.10 Property plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

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

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

3.11 Investment property

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

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

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

3.12.1 Intangible assets acquired separately

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

Computer Software Costs

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the company and are expected to generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

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

eTranzact Enterprise Software

In 2011 and prior years, the company's management had assessed the useful life of the original eTranzact enterprise software in line with that assessed at the start of its use, of 25 years. The carrying amounts of eTranzact enterprise software of N39.39m (31 December 2020: N51.13m) will be fully amortised in 2 years and 5months

eRemit Platform

In 2011 and prior years, the company's management had assessed the useful life of the UK e-Remit Platform in line with that assessed at the start of its use, as 25 years. The carrying amounts of eRemit platform of N33.57m (31 December 2020: N37.81m) will be fully amortised in 6 years and 11 months

Other Software

Other softwares include SSL McAfee Data center Security suite (DAM) license, Mastercard Software, Afenoid, Infoprive, Microsoft software, Incognito etc. that are acquired for different purposes. They are being amortised using the straight-line method over their estimated useful lives, but not exceeding a period of three years.

3.12.2 Internally-generated intangible assets - Research and development expenditure

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

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

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

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

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

3.12.3 Derecognition of intangible assets

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

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

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

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

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

3.14 Financial Instruments

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

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

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

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

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

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

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

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

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

3.14.1 Financial assets

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

Financial assets at amortised cost (debt instruments)

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

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

Cash and cash equivalents
Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value with original maturity of three months or less.

- **Impairment of financial assets**

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

3.14.1 Financial assets

- **Derecognition of financial assets**

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

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

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

3.14.2 Financial Liabilities

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

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

This is the category most relevant to the Company.

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

- **Derecognition of financial liabilities**

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

3.15 Government Grants

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

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

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

Grants related to income are deducted in reporting the related expense.

3.16 Short-term leases and leases of low-value assets

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

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2 below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Going Concern

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

4.2 Key sources of estimation uncertainty

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

4.2.1 Useful life of intangible assets

Intangible assets comprise mainly of the eTranzact Switching platform and the eRemit Remittance platform. As decribed in Note 3.12 to the financial statements, management is required to assess the remaining useful lives of intangibles assets at the end of each reporting period. Such assessment is subjective and involves a significant element of judgment, and the resultant estimate may or may not be borne out by future events. The effect on the financial statements of this assessment impacts the carrying value of intangible assets and profit for the year. Management have determined that there was no charge to the profit for the year in 2021.

4.2.2 Allowance for expected credit losses of trade receivables.

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

5 Revenue

An analysis of the company's revenue is as	2021 N'000	2020 N'000
Mobile Sales (Note 5.1)	20,356,673	21,275,828
Other commissions	3,013,392	892,500
Maintenance and support services, software development and others	214,488	207,864
Remittance related income	-	348,092
	23,584,553	**22,724,284**

Breakdown of Revenue based on Licences	2021 N'000	2020 N'000
International Money Transfer Operator (IMTO)	-	348,092
Payment Solution Service Provider (PSSP)	1,160,420	549,999
Mobile Money Operator	61,445	88,744
Switching	22,360,054	21,729,738
Value Added Services	2,634	7,711
	23,584,553	**22,724,284**

The revenue is further disaggregated based on the timing of revenue recognition as follow:

Mobile Sales	2021 N'000	2020 N'000
Goods/Services transferred at a point in time	20,356,673	21,275,828
Services transferred over time	-	-
	20,356,673	**21,275,828**

Other commissions	2021 N'000	2020 N'000
Goods/Services transferred at a point in time	3,013,392	892,500
Services transferred over time	-	-
	3,013,392	**892,500**

Remittance related income	2021 N'000	2020 N'000
Goods/Services transferred at a point in time	-	348,092
Services transferred over time	-	-
	-	**348,092**

Maintenance and support services, software development and others	2021 N'000	2020 N'000
Goods/Services transferred at a point in time	213,768	170,742
Services transferred over time	720	37,122
	214,488	**207,864**

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

6 Cost of sales	2021 N'000	2020 N'000
Mobile purchases	20,249,170	21,078,965
Direct commission cost	359,475	380,405
Other direct costs	171,009	118,711
	20,779,654	**21,578,081**

7 Selling and marketing	2021 N'000	2020 N'000
Branding/media advertisement	75,899	50,580
Marketing and promotion	28,290	17,818
	104,189	**68,398**

8 Administrative expenses

	2021 N'000	2020 N'000
Directors fees and expenses (Note 29.1)	182,457	160,696
Depreciation (Note 15)	293,003	251,941
Audit fees *	15,000	15,000
Legal and professional fees	114,828	109,582
Employee and other related expenses (Note 29.2)	1,290,410	945,382
Other operating expenses (Note 8.1)	407,797	360,795
Impairment loss on investment property (Note 16)	-	156,574
Statutory fees for increase in authorised share capital	-	56,274
Penalty for late submission of financial statements (Note 8.2)	-	1,900
	2,303,495	2,058,143

* During the year, the Company's auditor, Ernst & Young, did not perform any non-audit services to the Company.

8.1 Other operating expenses

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

8.2 Penalty for late submission of financial statements

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

8A Other expenses

This relates to additional provision for Fraud Asset in relation to a portion of N11.49 billion fraud reported by First Bank Nigeria PLC (FBN) on 8 March 2018, involving Smart Micro Systems Limited (SM), a merchant on-boarded to the eTranzact Fundgate platform as an aggregator for Micro Finance Banks. As directed by CBN in a letter issued on 13 March 2019 the net liability was shared equally between eTranzact International Plc and First Bank of Nigeria Plc at N5.75 billion. Also, the sum of N5.95 billion recovered from Smart Micro System Limited was shared equally and used to reduce the impact of the liability. In 2018, N2.773 billion was recognised as provision for fraud aset while eTranzact's portion of the recovered assets, estimated at N2.976 billion was further used to defray the total liability of 5.749 billion.

The recovered assets included landed properties and other assets such as vehicles, which are not readily convertible to cash. Hence, it became imperative for the Company in 2020 to recognise additional provision for fraud asset of N1.048 billion to reflect the actual liability to First Bank of Nigeria.

8B Impairment allowance charges

	Note	2021 N'000	2020 N'000
Other assets	20	12,343	-
Trade receivables	22.1	14,276	112,775
Other receivables	22.2	22,868	3,702
Short-term placements	23	15,486	-
		64,973	116,477

9 Segment Reporting

9.1 Products and services from which reportable segments derive their revenues

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

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

9.2 Segment Revenue and results

	2021		
	Segment Revenue N'000	Cost of sales N'000	Gross Profit N'000
Mobile purchases	20,356,673	(20,249,170)	107,503
Other commissions	3,013,392	(359,475)	2,653,917
Maintenance and support services, software development and others	214,488	(171,009)	43,479
	23,584,554	(20,779,655)	2,804,899

9.2 Segment Revenue and results

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

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

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

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

9.3 Business and geographical segments
The Company operates in one geographical area.

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

Notes to the financial statements
For the year ended 31 December 2021

10 Net investment income

	2021 N'000	31/12/2020 N'000
Interest income:		
Bank deposits (calculated using Effective Interest Rate method)	111,348	155,389
Interest expense:		
Finance Expenses		
Interest expense on CBN's Shared Agent Network Expansion Facilities (SANEF) Loan calculated using Effective Interest Rate Method	50,931	42,613
Grant Income on long term loan	(16,729)	(12,314)
Modification gain on remeasurement of financial liability	-	(12,812)
Net interest income	34,202	17,487

11 Other income

	2021 N'000	31/12/2020 N'000
Gain on disposal of Investment Property	102,740	128,178
Net foreign exchange gain	23,910	7,617
Gain on disposal of property, plant and equipment	-	762
	126,650	**136,557**

12 Profit for the year is arrived at after charging:

	2021 N'000	31/12/2020 N'000
Directors' remuneration	182,457	160,696
Auditor's remuneration	15,000	15,000
Depreciation	293,003	251,941
Amortisation of intangible assets	61,875	44,344
	552,335	471,981

13 Income tax

13.1 Income tax recognised in profit or loss

	2021 N'000	31/12/2020 N'000
Current tax		
Current income tax expense in respect of the current year:		
Minimum tax	59,558	57,710
Education tax	20,731	-
	80,288	57,710
Deferred tax		
Deferred tax benefit for current year (Note 19)	-	(39,052)
Total income tax expense recognised in current year.	**80,288**	**18,658**

Corporate income tax is calculated at 30 per cent (2020: 30 per cent) of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended.

The charge for education tax of 2.5 per cent (2020: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

13 Income tax

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

	2021 N'000	2020 N'000
Profit/(loss) before income tax expense	536,037	(1,870,334)
Tax at the statutory corporation tax rate of 30% (2020: 30%)	160,811	(561,100)
Effect of:		
Impact of tax exempt income	(37,996)	(41,734)
Exempted expenses from taxation	125,955	454,445
Education tax	20,731	-
Minimum tax	59,558	57,710
Recognition of previously unrecognised tax credit/losses	(79,877)	-
Unrecognised tax losses for the current year	-	109,337
Utilisation of previously unrecognised tax losses	(128,961)	-
Application of minimum tax rule	(59,933)	-
Income tax expense recognised in profit or loss	**80,288**	**18,658**

13.2 Current income tax liabilities

	2021	2020
At 1 January	149,480	198,660
Charged for the year	80,288	57,710
Payments during the year	(10,709)	(106,890)
At 31 December	**219,059**	**149,480**

14 Earnings/(loss) per share

Earnings/(loss) per share are calculated on the basis of profit after tax and the weighted average number of ordinary shares in issue and ranking for dividend.

	2021	2020
Profit/(loss) attributable to ordinary shareholders N'000	455,749	(1,888,992)
Number of shares '000		
Weighted average number of ordinary shares	6,122,860	4,785,328
Earnings/(loss) per share (Kobo) - Basic	**7**	**(39)**

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

Earnings/(loss) per share (Kobo) - Dilut

The Company did not have potential ordinary shares during the year. Therefore, Basic EPS and Diluted EPS are the same.

15 Property, plant and equipment

	Motor vehicles ₦'000	Plant and machinery ₦'000	Furniture, fittings and office equipment ₦'000	Capital work in progress ₦'000	Computer equipment ₦'000	Total ₦'000
Cost						
At 1 January 2020	331,202	74,036	880,662	44,905	174,348	1,505,153
Additions	250,500	7,000	62,349	7,000	42,604	369,453
Reclassification	-	-	51,905	(51,905)	-	-
Disposals	-	(3,974)	(471)	-	-	(4,445)
At 31 December 2020	581,702	77,062	994,445	-	216,951	1,870,161
Additions	-	3,000	336,376	-	69,225	408,601
At 31 December 2021	581,702	80,062	1,330,821	-	286,177	2,278,762
Accumulated depreciation						
At 1 January 2020	193,582	57,881	582,961	-	114,746	949,160
Charge for the year	89,707	12,712	113,682	-	35,840	251,941
Disposals	-	(3,974)	(471)	-	-	(4,445)
At 31 December 2020	283,290	66,619	696,161	-	150,586	1,196,656
Charge for the year	88,102	5,527	151,564	-	47,809	293,003
At 31 December 2021	371,391	72,146	847,725	-	198,395	1,489,659
Carrying amount						
At 31 December 2021	210,310	7,916	483,096	-	87,781	789,103
At 31 December 2020	298,412	10,443	298,284	-	66,366	673,505

15.1 Impairment losses recognised in the year

There were no impairment losses recognised during the year.

15.2 Contractual commitments

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

15.3 Assets pledged as security

At 31 December 2021, the Company had none of its assets pledged as security (31 December 2020: Nil).

16 Investment property

	31/12/2021	31/12/2020
Land		
At 1 January	302,226	645,917
Impairment loss	-	(156,574)
Disposals	(165,416)	(187,117)
At 31 December	136,810	302,226

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

Investment property is recognised at cost in the books and subsequently tested for impairments. The valuation was done by Knight Frank Estate Surveyors & Valuers with firm FRC number FRC/2013/00000000584. The valuation report was signed by ESV Sunny Akpodiagaga with FRC number FRC/2013/NIESV/00000000655.

The fair value of the property as at 31 December 2021 was estimated at N212m (2020: N476m). The fair value has been determined by the management of the Company by reference to professional valuation and market evidence of transaction prices for similar properties in comparable areas.

At 31 December 2021, the carrying value of the investment property was N136.8m (2020: N302m).

17 Intangible assets

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

	eTranzact enterprise platform	eRemit platform	Other softwares	Total
	N'000	N'000	N'000	N'000
Cost				
At 1 January 2020	293,610	105,858	215,457	614,825
Additions for the year	-	-	33,832	33,832
At 31 December 2020	293,610	105,858	249,289	648,657
Additions for the year	-	-	47,404	47,404
At 31 December 2021	293,610	105,858	296,693	696,061
Accumulated amortization				
At 1 January 2020	229,273	63,817	147,471	440,562
Charge for the year	13,108	4,234	27,002	44,344
At 31 December 2020	242,381	68,051	174,473	484,906
Charge for the year	11,741	4,234	45,900	61,875
At 31 December 2021	254,123	72,286	220,373	546,781
Carrying amount				
At 31 December 2021	39,388	33,572	76,320	149,280
At 31 December 2020	51,129	37,807	74,816	163,752

17.1 Significant intangible assets

In line with the IFRS reporting and disclosure standards, management has reviewed in detail the intangible assets and is of the opinion that the useful life of the Enterprise software platform and eRemit platform should be 25 years from its original implementation and this has been adjusted accordingly in 2012 which was the initial year of assessment. The carrying amounts of eTranzact enterprise software of N39.39m (31 December 2020: N51.13m) will be fully amortised in 2 years and 5months, the eRemit platform with a carrying amount of N33.57m (31 December 2020: N37.81m) will be fully amortised in 6 years and 11 months while that of other software of N76.32m (31 December 2020: N74.82m) will be fully amortised at the end of their individual span.

18 Deposit for Shares

	31/12/2021	31/12/2020
	N'000	N'000
As at year end	456,755	456,755

Deposit for shares represents investment in Collendos Nigeria Limited, the SPV warehousing all the contributions of the current tenants of the Fortune Towers building that agreed to come together as owners of the Fortune Towers office complex building. Collendos Limited will invest all monies collected from the tenants into Cowrie Investments Limited, the owner of the Fortune Towers building. All investors in Collendos Limited will be part owners of the Fortune Towers building and will own equity as a percentage of the floor space acquired/paid for. In 2012, eTranzact made its first contribution to Collendos to the tune of N232m which represents 50% of the total value for the 2 floors it currently occupies. During the year ended 31 December 2016, the board approved that the Company acquire additional 3 floors of office space which will be represented by increase in the investment in Collendos. The amount of N675m paid out in 2016 as additions represents the 50% balance on the initial 2 floors purchased in 2012 and the 100% payment for the additional 3 floors acquired in 2016. Collendos made a refund of N450 million to the Company in 2018, pending the time the litigation involving Cowrie Investments Limited (owner of the Fortune Towers building) will be decided by the court of law. The N450 million will be repaid by eTranzact International Plc subject to the outcome of the court case. As a result the net balance paid as at 31 December 2021 is N457 million (2020:N457million). The refund of 450 million does not connote the loss of ownership or entitlement to any of the floors currently held. eTranzact still maintain a right of first offer to the floors and the refund was only made because Collendos has been investing the deposit as they are unable to finalize acquisition due to the litigation involving Cowrie Investments Limited.

		31/12/2021	31/12/2020
19	**Deferred tax**	N'000	N'000
	Deferred tax liabilities	-	-

19.1 Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

Unrecognised deferred tax assets	31/12/2021 Gross	31/12/2021 Deferred tax impact	31/12/2020 Gross	31/12/2020 Deferred tax impact
	N'000	N'000	N'000	N'000
Unused tax losses	-	-	429,871	128,961
Unused tax credit not recognised	441,554	132,466	348,603	104,581
Provisions	4,113,624	1,234,087	3,821,102	1,146,331
Impairment allowance	539,899	161,970	537,381	161,214
	5,095,077	1,528,523	5,136,957	1,541,087

31 December 2020	**At 1 January**	**Recognised in profit or loss**	**At 31 December**
Deferred tax assets in relation to:			
Property, plant & equipment	119,145	(119,145)	-
Provisions	(78,867)	78,867	-
Unrealised foreign exchange loss	(1,226)	1,226	-
	39,052	(39,052)	-

Deferred tax assets have not been recognised in respect of the above unused tax credit and deductible temporary difference as it is not probable that the related deferred tax assets will be recovered in the near future and there are no other tax planning opportunities or other evidence of recoverability in the near future. The Company did not have net deferred tax assets/(liabilities) that were recognized during the year.

		31/12/2021	31/12/2020
20	**Other assets**	N'000	N'000
	Prepayments (Note 20.3)	1,240,463	250,477
	Other assets (Note 20.1)	84,259	84,259
	Fraud assets (Note 20.2)	3,821,102	3,821,102
		5,145,824	4,155,837
	Imapirment allowance for other assets	(84,259)	(71,916)
	Impairment allowance for fraud assets	(3,821,102)	(3,821,102)
		1,240,463	262,820

Impairmnt allowance for other assets		
Balance at 1 January	71,916	71,916
Charge to profit or loss (Note 8B)	12,343	-
Balance at 31 December	84,259	71,916

20.1 N84million out of the total other assets balance represents amounts recoverable from the banks on unauthorized withdrawals on the reloadable customers float account in various banks, which were initially refunded by eTranzact pending the outcome of investigations into the cases. The amounts are yet to be recovered from the banks and full provision was made against the amounts.

Allowance for Fraud assets	31/12/2021	31/12/2020
	N'000	N'000
Balance at 1 January	3,821,102	2,773,124
Charge to profit or loss (Note 8A)	-	1,047,978
Balance at 31 December	3,821,102	3,821,102

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

20.3 Prepayments relate to prepaid insurance - N15.8 million, prepaid rent* (short-term lease) - N26.9 million, other prepayments** - N49.3 million, and advance payment for SmartVista Switching Platform - N936.5 million.

* The Company prepays rent only for 12 months in advance and has elected to account for this as a short-term lease under IFRS 16.

** Other prepayments relate to the balance of prepayment for Service Level Agreement for scheduled maintenance of Data Center - NGN 2.09 million (2020 - Nil), prepayment for renewal of service and support for bandwidth and network - NGN 21.89 million (2020 - NGN 11.50 million), prepayment for renewal of licenses and certifications - NGN 8.85 million (2020 - NGN 6.76 million), prepayment for scheduled generator maintenance - NGN 0.72 million (2020 - Nil), prepayment for BUPA health insurance scheme - NGN 2.98 million (2020 - Nil), prepayment for billboard slot - NGN 12.81 million (2020 - Nil).

21 Inventories

	31/12/2021	31/12/2020
	N'000	N'000
Virtual airtime	1,276,305	570,759
Bulk SMS	-	2,415
Mastercard	2,304	2,304
	1,278,609	575,477

21.1 The cost of inventories recognised as an expense during the year in respect of continuing operations was N20.25b (2020: N21.08b). The N20.25 billion represents the total cost of virtual airtime and pins that were sold during the year.

22 Trade and other receivables

	31/12/2021	31/12/2020
	N'000	N'000
Trade receivables	717,647	580,334
Impairment allowance based on loss rate	(318,023)	(303,748)
	399,624	276,586
Other receivables		
Staff debtors	78,507	100,305
Other debtors	513,378	330,773
Impairment allowance on other receivables (Note 22.2)	(28,011)	(5,144)
	563,873	425,935
	963,497	702,520

Other debtors represents other receivables for bank and incentives, fraud recoveries and pending settlements – N357.8m (2020: N233.9m), withholding tax receivable – N105.4m (2020:N95.8m) and cash advance – N1.1m (2020: N1.1m).

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

22.1 Trade receivables

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

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

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

2021	Expected Credit Loss Rate	Estimated total gross carrying amount at default (N'000)	Adjusted Balance (N'000)	Expected Credit Loss (Average Weighted based on Scenarios) (N'000)
0-180 days	30.2%	326,537	197,749	59,720
180-365 days	30.2%	102,497	33,564	10,136
> 365 days	100%	288,613	248,168	248,168
Total		717,647	479,481	318,025
2020				
0-180 days	39%	105,259	105,259	41,569
180-365 days	63%	43,055	43,055	26,971
> 365 days	100%	432,019	235,207	235,207
Total		580,334	383,522	303,745

eTRANZACT INTERNATIONAL PLC

Notes to the financial statements
For the year ended 31 December 2021

22 Trade and other receivables

Reconciliation of allowance for receivables

	31/12/2021	31/12/2020
	N'000	N'000
At 1 January	(303,748)	(190,973)
Impairment losses recognised (Note 8B)	(14,276)	(112,775)
At 31 December	(318,025)	(303,748)

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

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

22.2 Impairment allowance on other receivables

	31/12/2021	31/12/2020
	N'000	N'000
At 1 January	(5,144)	(1,442)
Impairment losses recognised	(22,868)	(3,702)
At 31 December	(28,011)	(5,144)

23 Cash and short term deposits

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

	31/12/2021	31/12/2020
	N'000	N'000
Cash and bank balances	770,668	774,166
Restricted Cash (Pocketmoni Schemes and GTB TSS) (Note 23.2)	3,281,350	974,106
Short term investments	1,860,407	1,890,438
	5,912,425	**3,638,710**
Impairment allowance (Note 8B)	(15,486)	-
	5,896,939	**3,638,710**

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

	31/12/2021	31/12/2020
Cash and short term deposits per statementof financial position	5,896,939	3,638,710
Less:		
Restricted Cash	(3,281,350)	(974,106)
Short term investments with maturity longer than 3 months (net impairment)	(1,709,286)	(1,741,818)
	906,303	**922,786**
Analysis of cash and cash equivalents		
Cash and bank balances	770,668	774,166
Short term investment (within 3 months maturity from the initial origination) (Note 23.1)	135,635	148,620
	906,303	**922,786**
Short term investment (with more than 3 months maturity from the initial origination)	**1,724,772**	**1,741,818**

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

23.1 Short term investments

These represents cash held in fixed deposits in various banks. These investments are placed in short term deposits and are continuously rolled over throughout the year. All short-term deposits are subject to an average variable interest rate of 7%-10% per annum (2020: 7%-10%).

23.2 Restricted Cash (Pocketmoni Schemes and GTB TSS)

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

24 Trade and other payables

	31/12/2021 N'000	31/12/2020 N'000
Trade payable (Note 24.1)	78,500	133,212
Accruals (Note 24.5)	374,922	531,834
Due to Related Parties	323	905
Customers deposit	63,721	63,721
Funds held for Pocketmoni Schemes (Note 24.4b)	928,168	458,011
Pension contribution (Note 24.7)	33,798	37,070
Other statutory payables (Note 24.2)	283,198	376,937
Other payables (Note 24.3)	5,784,383	2,413,521
Payables to First Bank of Nigeria (Note 24.4)	37,606	3,641,102
Other creditors (Note 24.6)	217,862	151,385
	7,802,450	7,807,698

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

24.2 Included in other statutory payables is an amount of about N136.7m (2020: N225.3m) which represents VAT payable. This amounts are withheld from proceeds from sales to third parties and commissions earned on switching transactions performed on the platform. The balance also includes N94.2m (2020: N100.3m) which represents PAYE payable, N18.2m (2020: N25.9m) which represents Withholding Tax Payable and N34.03m (2020: N25.5m) which represents National Housing Fund (NHF) Payable.

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

24.4 Payables to First Bank of Nigeria represent the balance due to First Bank of Nigeria as a result of the fraudulent transactions by Smart Micro Systems Limited. eTranzact's portion of the recovered assets from Smart Micro Systems Limited was transferred to First Bank of Nigeria Plc, to reduce the balance payable to First Bank. The value of the transferred asset to First Bank of Nigeria Plc is ₦ 1.93 billion and a total repayment of ₦ 3.78 billion has been paid as at the reporting date, hence the balance due to First Bank of Nigeria is ₦ 37.6 million.

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

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

24.5 Accruals relate to provisions for bandwidth and networks cost, licenses and certifications cost, office rent, audit fees, Industrial Training Fund Levy and other overhead costs.

24.6 Other creditors relate to unclaimed dividends returned to the company, withheld commissions and commissions due to merchants and other third parties.

24.7 Pension contribution

	31/12/2021 N'000	31/12/2020 N'000
At 1 January	37,070	30,400
Contributions during the year	143,313	101,129
Payment	(146,585)	(94,459)
	33,798	37,070

		31/12/2021	31/12/2020
25	**Long term loan**	N'000	N'000
	Balance as at 1 January	293,586	283,827
	Additions during the year	100,000	-
	Reclassified to deferred income grant	(16,885)	-
	Interest accrual	50,931	42,613
	Modification gain on remeasurement of financial liability	-	(12,812)
	Principal paid	(35,714)	-
	Interest paid	(23,138)	(20,042)
	Balance as at 31 December	368,779	293,586
	Current	76,309	32,506
	Non-Current	292,470	261,080
		368,779	293,586
25.1	**Deferred Income on grant**		
	Opening Balance	107,291	119,605
	Addition during the year	16,885	-
	Recognised in the profit or loss during the year	(16,729)	(12,314)
		107,447	107,291
	Current	17,051	14,695
	Non-Current	90,396	92,596
		107,447	107,291

The loan of N500 million represents the first tranche of N150 million, second tranche of N250 million and the third tranche of N100 million under the CBN's Shared Agent Network Expansion Facility. The loan is to fund the expansion of Shared Agent Networks across Nigeria in order to deepen financial inclusion in Nigeria. The loan was fair valued using the effective interest rate and a deferred grant income was recognised as a result of the actual interest rate on the loan of 5% being lower than the effective interest rate (EIR) of 16.65%, 15.4% and 11.21% on the first tranche (N150 million), second tranche (N250 million) third tranche (N100 million) respectively. The loan has a tenor of 10 years (inclusive of 2 years principal moratorium and 1 year interest moratorium) with maturity till April 2028. The Company did not pledge any of its assets in securing the loan.

		31/12/2021	31/12/2020
26	**Share capital**	N'000	N'000
	Authorised:		
	9,200,000,000 ordinary shares of 50kobo each	4,600,000	4,600,000
	Issued and fully paid:		
	6,634,566,483 ordinary shares of 50kobo each (2021)		
	4,200,000,000 ordinary shares of 50kobo each (2020)	3,317,283	2,100,000
	At 1 January	2,100,000	2,100,000
	Additions during the year	1,217,283	-
	At 31 December	3,317,283	2,100,000

There was an increase of N1,217,283,241 in paid-up issued share capital during the year which is made up of 2,434,566,480 ordinary shares. The additional share capital is a result of the right issues that was completed during the year. The Company has one class of ordinary shares which carry no right to fixed income.

		31/12/2021	31/12/2020
26.1	**Share premium**		
	At 1 January	646,875	646,875
	Additions during the year	2,434,566	-
	Share issue expenses	(111,617)	-
	At 31 December	2,969,824	646,875

There was an increase of N2,434,566,480 in paid-up issued share capital during the year which is made up of 2,434,566,480 ordinary shares. The shares were issued at N1.50. Share premium represents the excess of share issue proceeds over the nominal value of the share.

		31/12/2021	31/12/2020
27	**Accumulated losses**		
	At 1 January	(4,329,165)	(2,440,173)
	Profit/(loss) for the year	455,749	(1,888,992)
	At 31 December	(3,873,417)	(4,329,165)

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

28 Retirement benefits plan

28.1 Defined Contribution Plan

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

The total expense recognised in the income statement of N91.3m (2020: N65.8m) represents contributions payable to these plans by the Company at rates specified in the rules of the plan. As at 31 December 2021, contributions of N37.1m (2020: N37.1m) due in respect of employees that are yet to provide their Pension Identification Number (PIN).

29 DIRECTORS AND EMPLOYEES

29.1 DIRECTORS

	31/12/2021 N'000	31/12/2020 N'000
Emoluments:		
Fees	4,250	4,500
Other remuneration and allowances	178,207	156,196
	182,457	**160,696**

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

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

The Chairman's emolument for the period was N2.8m. (2020: N2.8m)

29.2 EMPLOYEES

The average number of employees employed during the year:

	Number	**Number**
Technical	99	86
Non-Technical	156	143
	255	229

Aggregate payroll costs	**N'000**	**N'000**
Wages, salaries, allowances and benefits	1,190,644	865,434
Pension costs	91,270	65,846
Staff training	8,496	14,103
	1,290,410	**945,382**

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

Range (N)	**Number**	**Number**
Up to 500,000	2	2
500,001 - 2,000,000	77	87
2,000,001 - 3,000,000	22	38
3,000,001 and above	154	102
	255	229

30 Cash generated from operations

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

	31/12/2021 N'000	31/12/2020 N'000
Profit/(loss) before tax	536,037	(1,870,334)
Adjustments for:		
Amortization of intangible assets (Note 17)	61,875	44,344
Depreciation of property, plant and equipment (Note 15)	293,003	251,941
Investment income (Note 10)	(111,348)	(355,389)
Gain on disposal of property, plant and equipment	-	(762)
Gain on disposal of investment property (Note 11)	(102,740)	(228,178)
Modification gain on remeasurement of financial liability (Note 25)	-	(12,812)
Grant income on long-term loan (Note 25.1)	(16,729)	(12,314)
Provision for fraud asset (Note 8A)	-	1,047,978
Impairment loss - ECL for trade receivables (Note 22)	14,276	112,775
Impairment loss - ECL for staff loan	-	3,702
Impairment loss - ECL cash and cash equivalent	15,490	-
Impairment of fraud recovery asset	22,868	-
Interest expense (Note 10)	50,931	42,613
Impairment of investment property (Note 15)	-	156,574
Exchange gain	(23,910)	(7,617)
Operating cash flows before movements in working capital	739,755	(527,479)
Increase in inventories	(703,132)	(68,387)
(Increase)/decrease in trade and other receivables	(275,254)	245,060
Increase in other assets	(1,000,511)	(178,050)
(Decrease)/increase in trade and other payables	(5,218)	824,221
Decrease in current tax liabilities	(10,709)	(106,890)
	(1,255,070)	**188,475**

Non-cash transactions

There were no non-cash transactions during the year ended 31 December 2021.

31 Related party transactions

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

eTranzact Global Limited maintains a significant interest of 31.86% in the equity of eTranzact International Plc as at the reporting date.

31.1 Trading transactions

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

	Sale of goods and services		Purchase of goods and services	
	31/12/2021 N'000	31/12/2020 N'000	31/12/2021 N'000	31/12/2020 N'000
eTranzact Global Limited	-	-	-	-
Meristem Securities	-	-	1,923	1,644
	-	-	1,923	2,247

Analysis of the outstanding balances at the reporting date:

	Due from related parties		Due to related parties	
	31/12/2021 N'000	31/12/2020 N'000	31/12/2021 N'000	31/12/2020 N'000
eTranzact Global Limited	-	-	-	-
Meristem Securities	-	-	323	905
	-	-	323	905

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

32 Remuneration of key management personnel

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

	31/12/2021	31/12/2020
	N'000	N'000
Short-term employee benefits	115,000	92,000
Post-employment benefits	8,050	5,313
	123,050	97,313

33 Loans to Directors

The directors held no loans as at 31 December 2021 (2020: Nil).

34 Financial Instruments

34.1 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation equity. The Company's overall strategy which emphasizes capital efficiency and optimisation of capital structure, remains unchanged from 2020.

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

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

34.2 Significant accounting policies

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

34.3 Categories of financial instruments

	31/12/2021	31/12/2020
	N'000	N'000
Financial assets		
Financial assets measured at amortised Cost		
Cash and bank balances	5,896,939	3,638,710
Trade and other receivables	963,497	702,520
	6,860,436	**4,341,230**
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	7,485,485	7,393,691
Long-term loans	368,779	293,586
	7,854,263	**7,687,277**

34.4 Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the company's reported results.

The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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

34.5 Market risk

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

34.5.1 Interest rate risks

eTranzact Company does not have debt financial instruments that attracts or on which it pays floating interest rates. The Company has cash and cash equivalents held as deposits with banks. They are readily accessible and receive fixed rate interest. The Company actively monitors interest rate exposures on its investment portfolio so as to minimise the effect of interest rate fluctuations on profit or loss.

34.5.2 Foreign currency risk management

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

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

	Liabilities		Assets	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	N'000	N'000	N'000	N'000
USD (included as part of cash and short term deposits)	-	-	156,018	586,323

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of USD

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

	Currency USD	
	31/12/2021	31/12/2020
	N'000	N'000
Impact on pre-tax profit if Naira weakens	15,602	58,632
Impact on pre-tax profit if Naira strengthens	(15,602)	(58,632)

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

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

34.6 Credit risk management

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

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

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

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

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

	31/12/2021	12/31/2020
	N'000	N'000
Cash and short term deposits	5,896,939	3,638,710
Trade and other receivables	963,497	702,520
	6,860,436	**4,341,230**

34.6.1 Collateral held as security and other credit enhancements

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

34.7 Liquidity risk management

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the company is unable to meet settlement obligations to the acquiring banks due to failure of an issuing bank to pay.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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

34.7.1 Maturity risk

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

	31/12/2021			
	Carrying amount	**Contractual cashflows**	**Less than one year**	**More than one year**
Finacial liabilities at amortised cost				
Trade and other payables	7,485,485	7,485,485	7,485,485	-
Long-term loans	368,779	482,498	48,381	434,117
	7,854,263	**7,967,982**	**7,533,865**	**434,117**
	31/12/2020			
Finacial liabilities at amortised cost				
Trade and other payables	7,393,691	7,393,691	7,393,691	-
Long-term loans	293,586	482,498	48,381	-
	7,687,277	**7,876,189**	**7,442,072**	-

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

34.8 Fair value of financial instruments

The directors consider that the carrying amounts of financial assets (trade and other receivables, cash and short term deposits and Deposit for shares) and financial liabilities (trade and other payables) recorded in the financial statements approximate their fair values.

	Carrying amount		**Fair value**	
Financial liabilities	**31/12/2021**	**12/31/2020**	**31/12/2021**	**12/31/2020**
Financial liabilities held at amortised cost:				
Long-term loans	368,779	293,586	396,736	310,445

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

Fair value of non financial assets

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

Fair value measurement hierarchy for assets as at 31 December 2021:

	Date of valuation	**Quoted prices in active markets Level 1**	**Significant observable inputs Level 2**	**Significant unobservable inputs Level 3**
Investment property:				
Land	31-Dec-21	-	-	212,440
Land	31-Dec-20	-	-	475,673
Item whose fair value disclosure is required				
Long-term loans	31-Dec-21	-	396,736	-
Long-term loans	31-Dec-20	-	310,445	-

34.8 Fair value of financial instruments

Valuation Methodology

Long-term loans

The fair values of the long-term loans are based on cash flows discounted using a rate based equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates.

Investment property

Fair value of the investment property was determined using the Direct market comparison method. The valuations have been performed by the valuer and are based on prices paid in actual market transactions for similar properties with unit sale prices of comparables adjusted to the characteristics of the subject property.

Significant unobservable valuation input:

Price per square metre	₦94,444 - ₦140,950 (2020: ₦94,444 - ₦140,950)

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

There were no transfers between levels during 2021.

The fair values of the Company's interest-bearing loans and borrowings are determined by using the Discounted Cash Flow (DCF) method using discount rate equals the prime lending rate as set by the Central Bank of Nigeria at the reporting dates.

35 Capital Commitments

There were no capital commitments during the year.

36 Contingent liabilities and contingent assets

In the 2013 financial year, eTranzact International Plc initiated the process of acquiring shares in Collendos Limited, a company with significant investment in Cowrie Business Solution Limited, which owns Fortune Towers. eTranzact has committed to acquiring a total investment to the tune of N907 million, that will give it the direct control of the ground floor, 1st, 4th and 5th floor of Fortune Towers. As at 2017, eTranzact International Plc has made full payments to the tune of N907 million. In 2018, Collendos made a refund of N450 million to the Company (out of the total deposit which Collendos is holding in an interest bearing account pending the court judgement). The N450 million will be repaid by eTranzact International Plc based on the outcome of the court judgement. As at date of this report, the sale of the Fortune Towers building is under litigation. The outcome of the litigation has a possibility of resulting in a contingent liability in the form of legal costs and relative additional acquisition cost for the 4th and 5th floor of Fortune Towers. As at date of this report, the value of any contingent liability in this respect cannot be estimated.

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

As at 31 December 2021, there was a balance of N1.096 billion (2020: N1.096 billion) relating reloadable card sch (CorporatePay Merchants, IMTO Schemes and other Merchant balances). The funds representing the card balances are reserved in separate float and settlement accounts. The bulk of the balance for prior year (2020) relates to unprocessed salaries (for December 2020) under the IPPIS scheme which were later processed in January 2021.

37 Events after the reporting period

In July 2020, eTranzact International Plc launched its rights issue of 4,666,666,667 ordinary shares of 50 kobo par value at N1.50 per share to raise a total of N7bn as at the close of the acceptance period on Wednesday, 19 August, 2020, we had a total of 5,647,808,720 units of shares applied for with a value of N8,471,713,080.00 in the Issue proceeds account, which translated to a subscription level of 121.02%. N8,471,713,080. (About N1,471,713,080 in excess of the desired N7,000,000,000).

A capital verification request was made to CBN as part of the capitalization validation requirement. However, upon the conclusion of the Capital Verification exercise by the Central Bank of Nigeria, only N3,651,849,724.50 was approved, taking the Issue to a subscription level of 52.17%.

To raise the balance of 47.83% Capital in July 2021 the Board and the shareholders approved the issuance of convertible security via a private placement of N5,772,225,000 zero coupon Unsecured subordinated irredeemable convertible debenture stock of N1,000 each at par creating 5,772,225 convertible bond units. Convertible securities will be converted within 365 days of offer completion to 2,565,433,517 ordinary shares at N2.25 (referenced at the current market price as at the time of the resolution). The offer was completed in March 2022 which was after the balance sheet date of this financial statements.

Apart from the above, there is no other events after the reporting date that could have material effect on the state of affairs of the company at 31 December 2021 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

Approval of financial statements

The financial statements were approved by the Board and authorised for issue on 28 March 2022.

eTRANZACT INTERNATIONAL PLC

Other National Disclosures: Statement of value added
For the year ended 31 December 2021

	2021 N'000	%	2021 N'000	%
Turnover	23,584,553		22,724,284	
Investment income	111,348		155,389	
Other gains and losses	126,650		136,557	
	23,822,551		23,016,231	
Bought in materials and services:				
- Local	(21,542,051)		(23,510,934)	
VALUE ADDED/(ERODED)	**2,280,500**	*100*	**(494,703)**	*(100)*
APPLIED AS FOLLOWS :				
To pay employees -				
Wages, salaries and other benefits	1,290,410	*57*	945,382	*(191)*
To pay government -				
Income tax expense	80,288	*4*	18,658	*(3.77)*
To provide for assets replacement, payment of dividend and future expansion :				
Payment of Interest	34,202	*1*	17,487	*(4)*
Depreciation of fixed assets	293,003	*13*	251,941	*(51)*
Impairment of receivable	64,973	*3*	116,477	*(24)*
Amortisation of intangible assets	61,875	*3*	44,344	*(9)*
Profit/(loss) for the year	455,749	*20*	(1,888,992)	*382*
	2,280,500	*100*	**(494,703)**	*(100)*

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

eTRANZACT INTERNATIONAL PLC

Other National Disclosures: Five-year financial summary
For the year ended 31 December 2021

FINANCIAL POSITION	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Non-current assets					
Property, plant and equipment	789,103	673,505	555,993	622,404	558,950
Investment property	136,810	302,226	645,917	645,917	645,917
Intangible assets	149,280	163,752	174,264	137,321	171,748
Deposit for shares	456,755	456,755	456,755	456,755	907,505
Deferred tax liabilities	-	-	(39,052)	(27,017)	(52,145)
Deferred grant income	(90,396)	(92,596)	(107,291)	-	-
Long term loan	(292,470)	(261,080)	(263,378)	(150,000)	-
Net current assets	1,264,609	(2,824,852)	(1,116,505)	(1,525,713)	1,064,105
	2,413,691	**(1,582,290)**	**306,702**	**159,667**	**3,296,080**
Equity					
Share capital	3,317,283	2,100,000	2,100,000	2,100,000	2,100,000
Share premium	2,969,824	646,875	646,875	646,875	646,875
(Accumulated losses)/retained earnings	(3,873,416)	(4,329,165)	(2,440,173)	(2,587,208)	549,205
Total equity/(deficit)	**2,413,691**	**(1,582,290)**	**306,702**	**159,667**	**3,296,080**

TURNOVER AND PROFIT

	2021	2020	2019	2018	2017
Turnover	23,584,553	22,724,284	25,193,379	18,756,944	11,681,742
Profit/(loss) before income tax expense	536,037	(1,870,334)	291,605	(3,277,655)	292,201
Income tax expense	(80,288)	(18,658)	(144,570)	141,242	(83,796)
Profit/(loss) after tax	455,749	(1,888,992)	147,035	(3,136,413)	208,404
Basic earnings/(Loss) per share - kobo	7	(39)	4	(75)	5
Net assets per share - kobo	36	(38)	7	4	78

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

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