Chams

Chams 2015

ANNUAL GENERAL MEETING INFO PACK

www.chamsplc.com

Chams

Notice of AGM

NOTICE OF 31ST ANNUAL GENERAL MEETING OF CHAMS PLC

NOTICE IS HEREBY GIVEN that the Thirty-First Annual General Meeting of CHAMS PLC will hold on Wednesday, 29th April 2015 at the Agip Recital Hall of the MUSON Centre, Onikan, Lagos at 11.00 a.m. prompt to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the Year ended 31st December 2014 and the Reports of the Directors, Auditor and Audit Committee thereon;
2. To declare a Dividend;
3. To elect/re-elect the Directors
4. To fix the remuneration of Directors
5. To authorize the Directors to fix the remuneration of the Auditors
6. To elect Members of the Audit Committee

PROXY

A member entitled to attend and vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. The proxy need not be a member of the Company. For the appointment to be valid, a completed and duly stamped proxy form must be deposited at the office of the Company Secretary, Plot 8, Louis Solomon Close, Victoria Island, Lagos not less than 48 hours before the time fixed for the meeting.

BY ORDER OF THE BOARD

FREDERICK ICHEKWAI
Company Secretary

Dated this 31st day of March 2015.

NOTES:

1. DIVIDEND

If approved, dividend will be payable on Monday 11th May 2015 at the rate of N0.02K per every 50 Kobo ordinary share to shareholders whose names appear in the Register of Members at the close of business on April 17, 2015. Shareholders who have completed the e-Dividend Mandate Forms will receive a direct credit of the dividend into their accounts on the 11th of May 2015, while Dividend Warrants for those who have not completed the e-Dividend Mandate Form shall be posted on the same date.

2. E-DIVIDEND

Shareholders are kindly requested to update their records and advise First Registrars Limited of their updated records and relevant bank accounts for the payment of dividends. Detachable forms in respect of mandate for e-Dividend payment, unclaimed/stale dividend payment and shareholder data update are attached to the annual report for convenience. The aforementioned forms can also be downloaded from First Registrars Limited website www.firstregistrarsnigeria.com/forms/DIVIDENDCARD.pdf. The duly completed forms should be returned to First Registrars Limited, Plot 2 Abebe Village Road, Iganmu, Lagos, Nigeria

3. CLOSURE OF REGISTER

The Register of Members and Transfer book will be closed from 20th April to 24th April 2014 (both days inclusive) for the purpose of updating the Register of Members.

4. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act, Cap C20 LFN 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least Twenty-One (21) days before the Annual General Meeting.

5. ELECTION/RE-ELECTION OF DIRECTORS

i. Election of Director

Dr (Mrs) Ajoritsedere Josephine Awosika is being proposed for election as a Non-Executive Director.

Dr (Mrs) Ajoritsedere Josephine Awosika was appointed as a Non-Executive Director on August 19, 2014 by the Board of Directors and is being presented for Shareholders approval at the 31st Annual General Meeting

Her profile is available for viewing on www.chamsplc.com.

Chams Plc and its Subsidiary Companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31 December 2014

	GROUP		COMPANY	
	2014 N000	*2013 N000*	*2014 N000*	*2013 N000*
Revenue	4,115,834	3,439,197	3,336,359	3,142,035
Cost of sales	(2,565,474)	(1,589,411)	(2,174,798)	(1,405,554)
Gross profit	1,550,360	1,849,786	1,161,561	1,736,481
General expenses	(1,395,186)	(1,551,931)	(782,382)	(910,405)
Profit before taxation	261,805	106,923	415,137	634,176
Tax expense	18,622	81,541	31,201	89,106
Profit for the year after taxation	280,427	188,464	446,338	723,282
Earnings Per Share	7k	7k	10k	15k

Chams Plc and its Subsidiary Companies

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the Year Ended 31 December 2014

	GROUP		COMPANY	
Assets	2014 ₦ 000	2013 ₦ 000	2014 ₦ 000	2013 ₦ 000
Non-current assets	2,777,830	2,032,142	4,307,932	3,360,043
Current assets	9,313,075	8,686,613	9,254,911	8,974,335
Total assets	12,090,905	10,718,755	13,562,843	12,334,378
Liabilities				
Non-current liabilities	-	-	-	-
Current liabilities	6,173,665	6,041,008	3,965,092	4,142,030
Total liabilities	6,173,665	6,041,008	3,965,092	4,142,030
Net assets	5,917,240	4,677,747	9,597,751	8,192,348
Issued capital and reserves attributable to owners of the parent				
Share capital	2,348,030	2,348,030	2,348,030	2,348,030
Share premium	5,458,750	5,458,750	5,458,750	5,458,750
Capital Reserve	145,522	131,094	-	-
Revaluation Reserve	959,065	0	0	0
Retained earnings	(2,591,140)	(2,892,657)	831,906	385,568
	6,320,227	5,045,217	9,597,751	8,192,348
Non-controlling interest	(402,987)	(367,470)	-	-
Total equity	5,917,240	4,677,747	9,597,751	8,192,348

OUR ANNUAL REPORT AND ACCOUNTS AND OTHER RELATED COMPANY NOTICES AND DOCUMENTS

As a step in the direction of positive change and your company being the foremost ICT Company in Nigeria, it is our desire to make our society paperless and contribute to the awareness of the negative impact of deforestation and global warming. Chams Plc from this year will make the 2014 Annual Report and all future annual reports available in an environmentally friendly and user friendly CD format that can be read on most personal computers.

The CDs will contain the annual reports and access any other documents being sent to all shareholders. Any other shareholder who may still prefer to receive the 2014 Annual Reports and other documents as paper copies may request that such copies be sent to them by e-mailing investorrelations@chams.com with details of their names and addresses.

Alternatively shareholders can complete the tear-away slip below and post it to:

The Investor Relations Unit (Attention Dayo Adejokun or Fred Ichekwai) Chams Plc, Plot 8, Louis Solomon Close, Victoria Island, Lagos or drop it at any of our branches.

We thank you for helping to protect and sustain the environment

Frederick Ichekwai
Company Secretary

I .....

of .....

(Full postal address) request that Chams Plc send me a copy of the 2013 Annual Report and accounts and all related company notices and documents.

Signed ..... Date .....

Chams

Earnings Press Release

Full Year 2014 Earnings Press Release

Chams Plc, Nigerias leading technology Solutions Company with capability in identity management, payment collections and transactions systems, recently announced its financial results for the Year ended 31st December 2014.

The Group posted solid financial results across key parameters, as reflected in the following highlights:

- Robust growth in revenue, up by of 20% from N3.44 billion in the 2013 to N4.12 billion in the corresponding period of 2014;
- Operating profit was N392.30 million for the Year 2014, compared with N320.10 million in the prior period (2013). This represented a 22.5% increase;
- Profits after tax rose strongly by over 48.7% from N188 million in 2013 to N280 million recorded in 2014;
- Non-current assets grew by 36.7% to N2.8 billion, compared to N2.0 billion as at full year 2013; and
- Shareholders funds improved by 26.5% from N4.7 billion at full year 2013 to N5.9 billion as at 31st December 2014.

The Group Managing Director, Demola Aladekomo, said we are pleased with the improved performance year-on-year giving us a higher level of confidence that our restructuring of the business was right on target. With the continued investments in the right talent, new products development and product marketing, our investors can only be assured of improved profitability in the coming years.

GROUP FINANCIAL SUMMARY

GROUP INCOME STATEMENT (SELECTED ITEMS)

Parameter	Dec. 2014 N Million	Dec. 2013 N Million
Revenue	4,116	3,439
Gross Profit	1,550	1,850
Operating Profit	237	22
Profit/(Loss) Before Tax	19	82
Profit/(Loss) for the Year	280	188
Total Comp. Income/(Loss)	1,239	188

GROUP FINANCIAL POSITION (SELECTED ITEMS)

Parameter	Dec. 2014 N Million	Dec. 2013 N Million
Current Assets	9,313	8,687
Non-Current Assets	2,778	2,032
Total Assets	12,090	10,719
Current Liabilities	6,174	6,041
Non-Current Liabilities	0	0
Net Assets	5,917	4,678

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2014

	GROUP		COMPANY	
	2014	2013	2014	2013
	N000	N000	N000	N000
Revenue	4,115,834	3,439,197	3,336359	3,142,035
Cost of sales	(2,565,474)	(1,589,411)	(2,174,798)	(1,405,554)
Gross Profit	1,550,360	1,849,786	1,161,561	1,736,481
Other operating income	237,124	22,342	163,338	20,042
Administrative expenses	(1,395,186)	(1,551,931)	(782,382)	(910,405)
Profit from operations	392,298	320,197	542,517	846,118
Finance expenses	(130,493)	(213,274)	(127,380)	(211,942)
Profit before taxation	261,805	106,923	415,137	(634,176)
Tax expense	18,622	81,541	31,201	89,106
Profit for the year after taxation	280,427	188,464	446,338	723,282
Other Comprehensive income	-	-	-	-
Revaluation Surplus on Property, Plant and Equipment	959,065	-	959,065	-
Total Other Comprehensive Income	959,065	-	1,405,403	723,282
Total Comprehensive Income	**1,239,492**	**188,464**	**1,405,403**	**723,282**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP		COMPANY	
	Dec. 2014	Dec. 2013	Dec. 2014	Dec. 2013
	N000	N000	N000	N000
Assets				
Non-current assets				
Property, plant and equipment	2,422,180	1,682,203	2,119,959	1,164,419
Investment project	151,035	151,236	151,035	150,936
Intangible assets	104,615	98,703	90,953	98,703
Investment in subsidiaries	-	-	1,845,985	1,845,985
Available for sale financial assets	100,000	100,000	100,000	100,000
	2,777,830	2,032,142	4,307,932	3,360,043
Current assets				
Inventories	1,464,348	935,909	373,381	240,491
Trade and other receivables	7,370,454	7,484,052	8,506,938	8,506,073
Cash and cash equivalents	228,778	137,526	125,097	98,645
Deferred tax asset	249,495	129,126	249,495	129,126
	9,313,075	8,686,613	9,254,911	8,974,335
Total assets	12,090,905	10,718,755	13,562,843	12,334,378
Current liabilities				
Trade and other payables	5,093,619	4,574,337	2,955,066	2,744,125
Loans and borrowings	468,267	940,523	445,563	907,610
Corporate tax liability	611,779	526,148	564,463	490,295
Total liabilities	6,173,665	6,041,008	3,965,092	4,142,030
Net assets	5,917,240	4,677,747	9,597,75	8,192,348
Issued capital and reserves attributable to owners of the parent				
Share capital	2,348,030	2,348,030	2,348,030	2,348,030
Share premium	5,458,750	5,458,750	5,458,750	5,458,750
Capital reserve	145,522	131,094	-	-
Revaluation reserve	959,065	-	959,065	-
Retained earnings	(2,591,140	(2,892,657)	831,906	385,568
	6,320,227	5,045,217	9,597,751	8,192,348
Non-controlling interest	(402,987)	(367,470)	-	-
Total equity	**5,917,240**	**4,677,747**	**9,597,751**	**8,192,348**

ABOUT CHAMS PLC

Chams Plc (The Company) was incorporated as a limited liability on 10 September 1985, and became a Public Company on 4 September 2008.It has 4,696million shares listed and traded on the Nigerian Stock Exchange. The principal activities of the Company and its subsidiaries and associates (The Group) include identity management, payment collections and transactional systems

The company has the following subsidiaries

- ChamsAccess Limited;
- ChamsMobile Limited;
- ChamsSwitch Limited; and
- CardCenter Limited.

Chams

Full Year 2014 Audited Account

CHAMS PLC AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
31 DECEMBER 2014

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF CHAMS PLC AND ITS SUBSIDIARY COMPANIES

We have audited the accompanying financial statements of Chams Plc and its subsidiary Companies ('together the Group') for the financial year ended 31 December 2014, which comprises the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements which include the significant accounting policies and other explanatory notes

Directors' responsibility for the financial statements

2. The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, in compliance with relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting polices and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

3. Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

4 In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the group financial position as at 31 December 2014 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004.

Report on other legal requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company; and

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

Lagos, Nigeria

Chartered Accountants

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Notes	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Revenue	7	4,115,834	3,439,197	3,336,359	3,142,035
Cost of sales		(2,565,474)	(1,589,411)	(2,174,798)	(1,405,554)
Gross profit		1,550,360	1,849,786	1,161,561	1,736,481
Other operating income	8	237,124	22,342	163,338	20,042
Administrative expenses		(1,395,186)	(1,551,931)	(782,382)	(910,405)
Profit from operations		392,298	320,197	542,517	846,118
Finance expenses	9	(132,007)	(216,472)	(127,380)	(211,942)
Finance income	9	1,514	3,198	-	-
Net finance expenses		(130,493)	(213,274)	(127,380)	(211,942)
Profit before taxation		261,805	106,923	415,137	634,176
Tax expense	19(a)	18,622	81,541	31,201	89,106
Profit for the year after taxation		280,427	188,464	446,338	723,282
		-	-	-	-
Other comprehensive income:					
Item that will not be reclassified to profit or loss	11(c)	959,065	-	959,065	-
Item that may be reclassified to profit or loss		-	-	-	-
Total other comprehensive income/net of tax		959,065	-	959,065	-
Total Comprehensive Income		**1,239,492**	**188,464**	**1,405,403**	**723,282**
Loss attributable to non controlling interest		(30,312)	(132,567)	-	-
Profit attributable to Parent		310,739	321,031	446,338	723,282
Total comprehensive Income		280,427	188,464	446,338	723,282
Total comprehensive Income/(expense)attributable to:					
Owners of the parent		1,269,804	-	1,405,403	-
Non-controlling interest		(30,312)	-	-	-
Total comprehensive Income		1,239,492	-	1,405,403	-
Basic earnings per share (Kobo)	10	7k	7k	10k	15k
Diluted earnings per share (Kobo)	10	7k	7k	10k	15k

The accompanying notes to the financial statements on pages 8 to 60 and non-IFRS statements on pages 61 and 62 form part of these financial statements.

Auditors' report, pages 1 and 2.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
Assets	**Notes**	**2014**	**2013**	**2014**	**2013**
Non-current assets		**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property, plant and equipment	11	2,422,180	1,682,203	2,119,959	1,164,419
Investment project	12	151,035	151,236	151,035	150,936
Intangible assets	13	104,615	98,703	90,953	98,703
Investment in subsidiaries	14	-	-	1,845,985	1,845,985
Available for sale financial assets	16	100,000	100,000	100,000	100,000
		2,777,830	**2,032,142**	**4,307,932**	**3,360,043**
Current assets					
Inventories	17	1,464,348	935,909	373,381	240,491
Trade and other receivables	18	7,370,454	7,484,052	8,506,938	8,506,073
Cash and cash equivalents	26	228,778	137,526	125,097	98,645
Deferred tax asset	19(c)	249,495	129,126	249,495	129,126
		9,313,075	8,686,613	9,254,911	8,974,335
Total assets		**12,090,905**	**10,718,755**	**13,562,843**	**12,334,378**
Liabilities					
Non-current liabilities					
Deferred tax liability	19(c)	-	-	-	-
Current liabilities					
Trade and other payables	20	5,093,619	4,574,337	2,955,066	2,744,125
Loans and borrowings	21	468,267	940,523	445,563	907,610
Corporate tax liability	19(e)	611,779	526,148	564,463	490,295
		6,173,665	6,041,008	3,965,092	4,142,030
Total liabilities		**6,173,665**	**6,041,008**	**3,965,092**	**4,142,030**
Net assets		**5,917,240**	**4,677,747**	**9,597,751**	**8,192,348**
Issued capital and reserves attributable to owners of the parent					
Share capital	23	2,348,030	2,348,030	2,348,030	2,348,030
Share premium	24	5,458,750	5,458,750	5,458,750	5,458,750
Capital reserve	25	145,522	131,094	-	-
Revaluation reserve	11(c) & 24	959,065	-	959,065	-
Retained earnings	24	(2,591,140)	(2,892,657)	831,906	385,568
		6,320,227	5,045,217	9,597,751	8,192,348
Non-controlling interest	26	(402,987)	(367,470)	-	-
Total equity		**5,917,240**	**4,677,747**	**9,597,751**	**8,192,348**

The financial statements and notes on pages 3 to 60 were approved by the Board of Directors on …….. and signed on its behalf by:

Rev. Ayodeji Richard	**Sir. Demola Aladekomo**	**Mayowa Olaniyan**
Chairman	**Managing Director**	**Chief Financial Officer**
FRC/2013/ICAN/00000004386	***FRC/2013/NSE/00000004336***	***FRC/2013/ICAN/00000004330***

The accompanying notes to the financial statements on pages 8 to 60 and non-IFRS statements on pages 61 and 62 form part of these financial statements.

Auditors' report, pages 1 and 2.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Group	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Capital reserve ₦'000	Retained earnings ₦'000	Total attributable to equity holders of parent ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
1 January 2014	**2,348,030**	**5,458,750**	**-**	**78,271**	**(3,292,105)**	**4,592,946**	**84,801**	**4,677,747**
	2,348,030	5,458,750	-	78,271	(3,292,105)	**4,592,946**	84,801	**4,677,747**
Profit/(loss) for the year	-	-	-	-	310,739	310,739	(30,312)	280,427
Other comprehensive Income	-	-	959,065	-	-	959,065	-	959,065
Total comprehensive income	-	-	959,065	-	310,739	**1,269,804**	(30,312)	**1,239,492**
Transaction with owners recorded directly in equity	-	-	-	-	-	-	-	-
31 December 2014	**2,348,030**	**5,458,750**	**959,065**	**78,271**	**(2,981,366)**	**5,862,750**	**54,489**	**5,917,240**

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve	Capital reserve ₦'000	Retained earnings ₦'000	Total attributable to equity holders of parent ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
1 January 2013	2,348,030	5,458,750	-	78,271	(3,613,136)	4,271,915	217,368	4,489,283
	-	-		-	-	-	-	-
	2,348,030	**5,458,750**	**-**	**78,271**	**(3,613,136)**	**4,271,915**	**217,368**	**4,489,283**
Profit/(Loss) for the year	-	-	-	-	321,031	321,031	(132,567)	188,464
Other comprehensive Income	-	-	-	-	-	-	-	-
Total comprerhensive income	-	-	-	-	321,031	**321,031**	(132,567)	**188,464**
Transaction with owners recorded directly in equity	-	-		-	-	-	-	-
31 December 2013	**2,348,030**	**5,458,750**	**-**	**78,271**	**(3,292,105)**	**4,592,946**	**84,801**	**4,677,747**

The accompanying notes to the financial statements on pages 8 to 60 and non-IFRS statements on pages 61 and 62 form part of these financial statements.

Auditors' report, pages 1 and 2.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Company	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
1 January 2014	**2,348,030**	**5,458,750**	**-**	**385,568**	**8,192,348**
Profit for the year	-	-	-	446,338	446,338
Other comprehensive income, net of tax	-	-	959,065	-	959,065
Total comprehensive income	-	-	959,065	446,338	1,405,403
Transaction with owners and recorded directly in equity	-	-	-	-	-
31 December 2014	**2,348,030**	**5,458,750**	**959,065**	**831,906**	**9,597,751**

	Share capital ₦'000	Share premium ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total equity ₦'000
1 January 2013	**2,348,030**	**5,458,750**	**5,458,750**	**(337,714)**	**12,927,816**
Profit for the year	-	-	-	723,282	723,282
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	723,282	723,282
Transaction with owners and recorded directly in equity	-	-	-	-	-
31 December 2013	**2,348,030**	**5,458,750**	**5,458,750**	**385,568**	**13,651,098**

The accompanying notes to the financial statements on pages 8 to 60 and non-IFRS statements on pages 61 and 62 form part of these financial statements.

Auditors' report, pages 1 and 2.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	N'000	N'000	N'000	N'000
Profit after taxation		280,427	188,464	446,338	723,282
Adjustments for:					
Loss on sale of property, plant and equipment	11	104,360	32,506	-	-
Finance costs	9	119,983	216,472	117,482	205,678
Finance income		(1,514)	(3,198)		
Tax expense		(18,622)	(81,541)	(31,201)	(89,106)
Depreciation	11	232,832	322,468	63,932	86,763
Amortisation of intangible assets	13(a)	7,750	36,410	7,750	6,410
Proceeds on property, plant and equipment set off	11	-	40,000	-	-
Adjustment on property, plant and equipment	11(a)	7,040	-	-	-
Changes in assets and liabilities:					
(Increase)/decrease in inventories	17	(660,572)	50,828	(132,890)	(80,810)
Increase in trade and other receivables	18	(192,778)	(2,488,973)	(865)	(1,417,965)
(Increase)/decrease in trade and other payables	20	958,092	2,101,770	210,941	1,080,615
Total adjustments		836,998	415,206	681,487	514,867
Tax paid		(16,116)	-	(15,000)	
Net cash provided by/(absorbed in) operating activities		**820,882**	**415,206**	**666,487**	**514,867**
Cash flows from investing activities					
		-	-		
Purchase of property, plant and equipment	11	(125,144)	(21,229)	(60,406)	(16,846)
Additions to investment projects	12	(101)	(51,498)	(96)	(51,498)
Purchase of intangible assets	12	(13,662)	-	-	-
Proceeds from sale of property, plant and equipment		430	-	-	-
Finance income		1,514	3,198	-	-
Net cash (used)/ provided by investing activities		(136,963)	(69,529)	(60,502)	(68,344)
Cash flows from financing activities					
Finance expenses	9	(119,983)	(216,472)	(117,482)	(205,678)
Long term loan repaid/additions		(10,209)	32,914	-	-
Net cash provided by financing activities		(130,192)	(183,558)	(117,482)	(205,678)
Net increase/(decrease) in cash and cash equivalents		553,727	162,119	488,503	240,845
Cash and cash equivalents at the beginning of the year		(770,082)	(932,202)	(808,964)	(1,049,809)
Cash and cash equivalents at the end of the year	28	**(216,355)**	**(770,083)**	**(320,461)**	**(808,964)**

The accompanying notes to the financial statements on pages 8 to 60 and non-IFRS statements on pages 61 and 62 form part of these financial statements.

Auditors' report, pages 1 and 2.

1. **History of the Company and nature of operations**

Chams Plc (The Company) was incorporated as a limited liability Company on 10 September 1985 and became a public Company on 4 September 2008. The Company was listed on the floor of the Nigerian Stock Exchange on 8 September 2008. The principal activities of Chams Plc and its subsidiaries (the Group) include identity management, payment collections and transactional systems. The Company's registered office is located at 8, Louis Solomon Close, Victoria Island, Lagos.

2 **Basis of preparation**

a) **Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 4. The policies have been consistently applied to all the years presented, unless otherwise stated.

b) **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act, CAP C20, LFN, 2004. Where the provisions of IFRS are in conflict with the requirements of the companies and Allied Matters Act, CAP C20, LFN 2004, IFRS supersedes.

c) **Basis of measurement**

The financial statements were authorised for issue by the Board of Directors on ----------. The consolidated financial statements have been prepared on the historical cost basis except for revalued property, plant and equipment.

d) **Functional and presentation currency.**

These financial statements are presented in Naira, which is the Group's functional currency. Amounts are rounded to the nearest thousands, unless otherwise stated.

e) **Use of estimates and judgement**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3 New standards, interpretations and amendments effective from 1 January 2014

A number of new standards, interpretations and amendments are effective for the first time for the year beginning on, or after 1 January 2014 and have been adopted in these financial statements. The nature and effect of each new standard, interpretation and amendment adopted by the Group is detailed below. Not all new standards and interpretations effective for the first time for the year beginning on, or after 1 January 2014 affected the Company's annual financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
1	**IFRS 1 First-time Adoption of International Financial Reporting Standards**			
	Annual Improvements (2011-2013 Cycle) Issued December 2013	The amendment to the Basis for Conclusions clarifies that an entity has an option to use either: - The IFRSs that are mandatory at the reporting date, or - One or more IFRSs that are not yet mandatory, if those IFRSs permit early application.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact, as the Group has already adopted IFRS
2	**IFRS 2 Share-based Payment**			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact as the Group has no share based payment
3	**IFRS 3 Business Combinations**			
	Annual Improvements (2010-2012 Cycle) Issued December 2013	The amendment clarifies that contingent consideration is assessed as either being a liability or an equity instrument on the basis of IAS 32 Financial Instruments: Presentation, and also requires contingent consideration that is not classified as equity to be remeasured to fair value at each reporting date, with changes in fair value being reported in profit or loss.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact, as Group is not involved in any business combination.
	Annual Improvements (2011-2013 Cycle) Issued December 2013	The amendments to IFRS 3 clarify that: - The formation of all types of joint arrangements as defined in IFRS 11 (ie joint ventures and joint operations) are excluded from the scope of IFRS 3 - The scope exception only applies to the accounting by the joint arrangement in its own financial statements and not to the accounting by the parties to the joint arrangement for their interests in the joint arrangement.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The amendment did not result in any effect on the Group's consolidated financial statements.
4	**IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**			
	Annual Improvements (2012-2014 Cycle) Issued December 2013	The amendment clarifies that the reclassification of an asset or disposal group from being held for sale to being held for distribution to owners, or vice versa is considered to be a continuation of the original plan of disposal. Upon reclassification, the classification, presentation and measurement requirements of IFRS 5 are applied. If an asset ceases to be classified as held for distribution to owners, the requirements of IFRS 5 for assets that cease to be classified as held for sale apply.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Group will assess the impact on adoption of the Standard and when it holds assets as 'distribution to owner'

	IFRS Reference	Nature of change	Application date	Impact on initial Application
5	**IFRS 7 Financial Instruments: Disclosures**			
	Annual Improvements (2012-2014 Cycle)	The IASB clarified the circumstances in which an entity has continuing involvement from the servicing of a transferred asset. Continuing involvement exists if the servicer has a future interest in the performance of the transferred financial asset. Examples of situations where continuing involvement exists are where a transferor's servicing fee is: - A variable fee which is dependent on the amount of the transferred asset that is ultimately recovered; or - A fixed fee that may not be paid in full because of non-performance of the transferred financial asset. The amendment is required to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the amendment needs not to be applied for any period beginning before the annual period in which the entity first applies the amendments. A consequential amendment has been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, in order that the same transitional provision applies to first time adopters. Applicability of the offsetting amendments in condensed interim financial statements A further amendment to IFRS 7 has clarified that the application of the amendment Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) issued in December 2011 is not explicitly required for all interim periods. However, it is noted that in some cases these disclosures may need to be included in condensed interim financial statements in order to comply with IAS 34.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Group is yet to assess the impact of the adoption of this standard.
6	**IFRS 8 Operating Segments**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendments require additional disclosures regarding management's judgements when operating segments have been aggregated in determining reportable segments, including: - A description of the operating segments that have been aggregated - The economic indicators considered in determining that the aggregated operating segments share similar economic characteristics. Reconciliation of the total of a reportable segment's assets to the entity's assets: The amendment clarifies that a reconciliation of the total of reportable segments assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The Group would implement the standard on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
7	**IFRS 9 Financial Instruments**			
	IFRS 9 (2009) Issued: November 2009	IFRS 9 (2009) applies to all assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 requires that on initial recognition, all financial assets are measured at fair value (plus an adjustment for certain transaction costs if they are not measured as at fair value through profit or loss) and are classified into one of two subsequent measurement categories: - Amortised cost - Fair value. IFRS 9 (2009) eliminates the Held to Maturity (HTM), Available for Sale (AFS) and Loans and Receivables categories. In addition, the exception under which equity instruments and related derivatives are measured at cost rather than fair value, where the fair value cannot be reliably determined, has been eliminated with fair value measurement being required for all of these instruments. A financial asset is measured after initial recognition at amortised cost only if it meets the following two conditions: 1. The objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows 2. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	Can only be applied if an entity's date of initial application is before February 2015.	To be implemented on adoption of the standard.
		All other instruments are required to be measured after initial recognition at fair value. IFRS 9 (2009) retains the current requirement for financial instruments that are held for trading to be recognised and measured at fair value through profit or loss, including all derivatives that are not designated in a hedging relationship. Hybrid contracts with a host that are within the scope of IFRS 9 (2009) (ie a financial host) must be classified in their entirety in accordance with the classification approach summarised above. This eliminates the existing IAS 39 requirement to account separately for a host contract and certain embedded derivatives. The embedded derivative requirements under IAS 39 continue to apply where the host contract is a non-financial asset and for financial liabilities.		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		IFRS 9 (2009) includes an option which permits investments in equity instruments to be measured at fair value through other comprehensive income. This is an irrevocable election to be made, on an instrument by instrument basis, at the date of initial recognition. Where the election is made, no amounts are subsequently recycled from other comprehensive income to profit or loss. Where this option is not taken, equity instruments with the scope of IFRS 9 (2009) are classified as at fair value through profit or loss. Irrespective of the approach adopted for the equity instrument itself, dividends received on an equity instrument are always recognised in profit or loss (unless they represent a return of the cost of investment). Subsequent reclassification of financial assets between the amortised cost and fair value categories is prohibited, unless an entity changes its business model for managing its financial assets in which case reclassification is required. However, the guidance is restrictive and such changes are expected to be very infrequent. IFRS 9 (2009) states explicitly that the following are not changes in business model: 1. A change in intention relating to particular financial assets (even in circumstances of significant changes in market conditions) 2. A temporary disappearance of a particular market for financial assets 3. A transfer of financial assets between parts of the entity with different business models.		
8	IFRS 9 (2010) Issued: October 2011	As noted above, IFRS 9 (2009) was published in November 2009 and contained requirements for the classification and measurement of financial assets. Equivalent requirements for financial liabilities were added in October 2010, with most of them being carried forward unchanged from IAS 39.		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		In consequence: '- A financial liability is measured as at fair value through profit or loss (FVTPL) if it is held for trading, or is designated as at FVTPL using the fair value option - Other liabilities are measured at amortised cost. In contrast to the requirements for financial assets, the bifurcation requirements for embedded derivatives have been retained; similarly, equity conversion features will continue to be accounted for separately by the issuer. However, some changes have been made, in particular to address the issue of where changes in the fair value of an entity's financial liabilities designated as at FVTPL using the fair value option, which arise from changes in the entity's own credit risk, should be recorded. This amendment is a result of consistent feedback received by the IASB from its constituents that changes in an entity's own credit risk should not affect profit or loss unless the financial liability is held for trading. IFRS 9 (2010) requires that changes in the fair value of financial liabilities designated as at FVTPL which relate to changes in an entity's own credit risk should be recognised directly in other comprehensive income (OCI). However, as an exception, where this would create an accounting mismatch (which would be where there is a matching asset position that is also measured as at FVTPL), an irrevocable decision can be taken to recognise the entire change in fair value of the financial liability in profit or loss.		
9	IFRS 9 (2013) Issued: November 2013	Three significant changes/additions were made compared to the previous version of IFRS 9: - Add new hedge accounting requirements - Withdraw the previous effective date of 1 January 2015 and leave it open pending the completion of outstanding phases of IFRS 9 - Make the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option available for early adoption without early application of the other requirements of IFRS 9. The new hedge accounting requirements are more principles-based, less complex, and provide a better link to risk management and treasury operations than the requirements in IAS 39 Financial Instruments: Recognition and Measurement. The new model allows entities to apply hedge accounting more broadly to manage profit or loss mismatches, and as a result reduce 'artificial' hedge ineffectiveness that can arise under IAS 39.	Can only be applied if an entity's date of initial application is before February 2015.	

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		Key changes introduced by the new model include: - Simplified effectiveness testing, including removal of the 80-125% highly effective threshold - More items will now qualify for hedge accounting, eg pricing components within a non-financial item, and net foreign exchange cash positions - Entities can hedge account more effectively the exposures that give rise to two risk positions (eg interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods - Less profit or loss volatility when using options, forwards, and foreign currency swaps - New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.		
10	IFRS 9 (2014) Issued: July 2014	IFRS 9 Financial Instruments (2014) incorporates the final requirements on all three phases of the financial instruments projects – classification and measurement, impairment, and hedge accounting. IFRS 9 (2014) adds to the existing IFRS 9: - New impairment requirements for all financial assets that are not measured at fair value through profit or loss . -Amendments to the previously finalised classification and measurement requirements for financial assets. In a major change, which will affect all entities, a new 'expected loss' impairment model in IFRS 9 (2014) replaces the 'incurred loss' model in IAS 39 Financial Instruments: Recognition and Measurement. Under IFRS 9 (2014), the impairment model is a more 'forward looking' model in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.	Mandatory adoption for periods beginning on or after 1 January 2018. Early adoption permitted.	The Group is still assessing the impact of adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		For trade receivables there is a practical expedient to calculate expected credit losses using a provision matrix based on historical loss patterns or customer bases. However, those historical provision rates would require adjustments to take into account current and forward looking information. The new impairment requirements are likely to bring significant changes. Although provisions for trade receivables may be relatively straightforward to calculate, new systems and approaches may be needed. However, for financial institutions the changes are likely to be very significant and require significant changes to internal systems and processes in order to capture the required information. In other changes, IFRS 9 (2014) also introduces additional application guidance to clarify the requirements for contractual cash flows of a financial asset to be regarded as giving rise to payments that are Solely Payments of Principal and Interest (SPPI), one of the two criteria that need to be met for an asset to be measured at amortised cost. Previously, the SPPI test was restrictive, and the changes in the application of the SPPI test will result in additional financial assets being measured at amortised cost. For example, certain instruments with regulated interest rates may now qualify for amortised cost measurement, as might some instruments which only marginally fail the strict SPPI test. A third measurement category has also been added for debt instruments - FVTOCI. This new measurement category applies to debt instruments that meet the SPPI contractual cash flow characteristics test and where the entity is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets. In comparison with previous versions of IFRS 9, the introduction of the FVTOCI category may result in less profit or loss volatility, in particular for entities such as insurance companies which hold large portfolios with periodic buying and selling activities. The amendments could lead to significant reclassifications of debt instruments across the different measurement categories: amortised cost, FVTOCI, and FVTPL. This may lead to less volatility in profit or loss for debt investment portfolios, but greater equity volatility if assets are reclassified from amortised cost to FVTOCI (which could affect regulatory capital).		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
11	IFRS 9 (own credit risk requirements)	IFRS 9 (2014) provides an option to early adopt the 'own credit' provisions for financial liabilities measured at fair value through profit or loss (FVTPL) under the fair value option without any of the other requirements of IFRS 9. This option will remain available until 1 January 2018. Entities that use the fair value option and designate financial liabilities at fair value through profit or loss (FVTPL) present the fair value changes in 'own credit' in OCI instead of profit or loss. Therefore, for financial liabilities designated at FVTPL, entities can continue to apply IAS 39 Financial Instruments: Recognition and Measurement but follow the presentation requirement in IFRS 9 and present the changes in 'own credit' in OCI. This amendment is expected to mainly affect financial institutions and insurers.	Can be applied until the effective date of IFRS 9 (2014) which is 1 January 2018.	
12	**IFRS 10 Consolidated financial statements**			
	Amendments to IFRS 10 Issued: September 2014	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method. In the case of any retained interest in the former subsidiary, gains and losses from the remeasurement are treated as follows: - The retained interest is accounted for as an associate or joint venture using the equity method: The parent recognises the gain or loss in profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The remainder is eliminated against the carrying amount of the investment in the associate or joint venture. - The retained interest is accounted for at fair value in accordance with IFRS 9 Financial Instruments: The parent recognises the gain or loss in full in profit or loss.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
13	**IFRS 11 Joint Arrangements**			
	Amendments to IFRS 11 Issued: May 2014	Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations The amendments require an entity to apply all of the principles of IFRS Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3. The amendment also includes two new Illustrative Examples: - Accounting for acquisitions of interests in joint operations in which the activity constitutes a business - Contributing the right to use know-how to a joint operation in which the activity constitutes a business. A consequential amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards has also been made, to clarify that the exemption from applying IFRS 3 to past business combinations upon adoption of IFRS also applies to past acquisitions of interests in joint operations in which the activity of the joint operation constitutes a business, as defined in IFRS 3.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.
14	**IFRS 13 Fair Value Measurement**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendment clarifies that short-term receivables and payables with no stated interest rate can still be measured at the invoice amount without discounting, if the effect of discounting is immaterial.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact.
15	**Scope of IFRS 13.52 (portfolio exemption)**			
	Improvements (2011-2013 Cycle) Issued: December 2013	IFRS 13.52 defines the scope of the exception that permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis. This is often referred to as the portfolio exception. The amendment clarifies that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments if this has been adopted early), regardless of whether they meet the definition of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact.
16	**IFRS 14 Regulatory Deferral Accounts**			
	IFRS 14 Issued: January 2014	In many countries, industry sectors (including utilities such as gas, electricity and water) are subject to rate regulation where governments regulate the supply and pricing. This can have a significant effect on the amount and timing of an entity's revenue. Some national GAAPs require entities that operate in industry sectors subject to rate regulation, to recognise associated assets and liabilities. The scope of IFRS 14 is narrow, with this extending to cover only those entities that:	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	No impact.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
		- Are first-time adopters of IFRS - Conduct rate regulated activities - Recognise associated assets and/or liabilities in accordance with their current national GAAP. Entities within the scope of IFRS 14 would be afforded an option to apply their previous local GAAP accounting policies for the recognition, measurement and impairment of assets and liabilities arising from rate regulation, which would be termed regulatory deferral account balances. Any regulatory deferral account balances, and their associated effect on profit or loss, would be recognised and presented separately from other items in the primary financial statements. As a result, for those entities that elect to adopt IFRS 14, all other line items and subtotals would exclude the effects of regulatory deferral accounts, meaning that they would be comparable with other entities that report in accordance with IFRS but do not apply IFRS 14. Application guidance is included in IFRS 14 in respect of other IFRSs that would need to be considered alongside the previous national GAAP accounting requirements in order for these regulatory deferral accounts to be accounted for appropriately in an entity's IFRS financial statements, including: - IAS 10 Events after the Reporting Period - IAS 12 Income Taxes - IAS 28 Investments in Associates and Joint Ventures - IAS 33 Earnings per Share - IAS 36 Impairment of Assets - IFRS 3 Business Combinations - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - IFRS 10 Consolidated Financial Statements - IFRS 12 Disclosure of Interests in Other Entities.		

	IFRS Reference	Nature of change	Application date	Impact on initial Application
17	**IFRS 15 Revenue from Contracts with Customers**			
	IFRS 15 Issued: May 2014	IFRS 15 Revenue from Contracts with Customers supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services).The objective of IFRS 15 is to clarify the principles of revenue recognition. This includes removing inconsistencies and perceived weaknesses and improving the comparability of revenue recognition practices across companies, industries and capital markets. In doing so IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is, that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To accomplish this, IFRS 15 requires the application of the following five steps: 1. Identify the contract 2. Identify the performance obligation(s) 3. Determine the transaction price 4. Allocate the transaction price to each performance obligation 5. Recognise revenue when each performance obligation is satisfied. IFRS 15 also includes specific guidance related to several additional topics, some of the key areas are: - Contract costs - Sale with a right of return - Warranties - Principal vs agent considerations - Customer options for additional goods and services - Customers unexercised rights - Non-refundable upfront fees (and some related costs) - Licensing Repurchase agreements - Consignment arrangements - Bill-and-hold arrangements - Customer acceptance. Furthermore the guidance significantly enhances the required qualitative and quantitative disclosures related to revenue. The main objective of the requirements is the disclosure of sufficient information in terms of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In order to meet this objective, IFRS 15 requires specific disclosures for contracts with customers and significant judgements.	Mandatory adoption for periods beginning on or after 1 January 2017. Early adoption permitted.	The Group is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
18	**IAS 16 Property, Plant and Equipment**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	Revaluation method – proportionate restatement of accumulated depreciation The amendment clarifies the computation of accumulated depreciation when items of property, plant and equipment are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: i. The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated depreciation is then adjusted to equal the difference between the gross and net carrying amounts ii. Accumulated depreciation is eliminated against the gross carrying amount.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements of the Group.
19	**Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation**			
	Amendments to IAS 16 Issued: May 2014	Paragraph 62A of IAS 16 has been added to prohibit the use of revenue-based methods of depreciation for items of property, plant and equipment. Paragraph 62A clarifies that this is because the revenue generated by an activity that includes the use of an item of property, plant and equipment generally reflects factors other than the consumption of the economic benefits of the item, such as: - Other inputs and processes - Selling activities and changes in sales - Volumes and prices, and - Inflation. Paragraph 56 of IAS 16, which includes guidance for the depreciation amount and depreciation period, has been expanded to state that expected future reductions in the selling price of items produced by an item of property, plant and equipment could indicate technical or commercial obsolescence (and therefore a reduction in the economic benefits embodied in the item), rather than a change in the depreciable amount or period of the item.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The Group is currently assessing the impact on adoption.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
20	**IAS 19 Employee Benefits**			
	Amendments to IAS 19 Issued: November 2013	Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions The amendment introduces a narrow scope amendments that: - Provides a practical expedient for certain contributions from employees or third parties to a defined benefit plan, but only those contributions that are independent of the number of years of service - Clarifies the treatment of contributions from employees or third parties to a defined benefit plan that are not subject to the practical expedient. These are accounted for in the same way that the gross benefit is attributed in accordance with IAS 19.70. Contributions that are independent of the number of years of service include: - Contributions that are based on a fixed percentage of salary - Contributions of a fixed amount throughout the service period - Contributions that are dependent on the employee's age.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements of the Group.
21	**IAS 19 Employee Benefits**			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The guidance in IAS 19 has been clarified and requires that high quality corporate bonds used to determine the discount rate for the accounting of employee benefits need to be denominated in the same currency as the related benefits that will be paid to the employee. Entities are required to apply the amendment from the earliest comparative period presented in the financial statements, with initial adjustments being recognised in retained earnings at the beginning of that period.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
22	**IAS 24 Related Party Disclosures**			
	Annual Improvements (2010-2012 Cycle) December 2013	The amendment clarifies that an entity that provides key management personnel services (management entity) to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity, and: - Would require separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity - Would not require disaggregated disclosures by the categories set out in IAS 24.17.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
23	**IAS 27 Separate Financial Statements**			
	Amendments to IAS 27 Issued: August 2014	The amendments include the introduction of an option for an entity to account for its investments in subsidiaries, joint ventures, and associates using the equity method in its separate financial statements. The accounting approach that is selected is required to be applied for each category of investment. Before the amendments, entities either accounted for its investments in subsidiaries, joint ventures or associates at cost or in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for those entities that have yet to adopted IFRS 9). The option to present its investments using the equity method result in the presentation of a share of profit or loss, and other comprehensive income, of subsidiaries, joint ventures and associates with a corresponding adjustment to the carrying amount of the equity accounted investment in the statement of financial position. Any dividends received are deducted from the carrying amount of the equity accounted investment, and are not recorded as income in profit or loss. A consequential amendment was also made to IAS 28 Investments in Associates and Joint Ventures, to avoid a potential conflict with IFRS 10 Consolidated Financial Statements for partial sell downs.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.
24	**IAS 34 Interim Financial Reporting**			
	Annual Improvements (2012-2014 Cycle) Issued: September 2014	The requirements of paragraph 16A of IAS 34 require additional disclosures to be presented either in the: - Notes to the interim financial statements or - Elsewhere in the interim financial report. The amendment clarifies, that a cross-reference is required, if the disclosures are presented 'elsewhere' in the interim financial report, such as in the management commentary or the risk report of an entity. However, to comply with paragraph 16A of IAS 34, if the disclosures are contained in a separate document from the interim report, that document needs to be available to users of the financial statements on the same terms and at the same time as the interim report itself.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
25	**IAS 38 Intangible Assets**			
	Annual Improvements (2010-2012 Cycle) Issued: December 2013	The amendment clarifies the computation of accumulated amortisation when intangible assets are subsequently measured using the revaluation model. The net carrying amount of the asset is adjusted to the revalued amount, and either: i. The gross carrying amount is adjusted in a manner consistent with the net carrying amount (eg proportionately to the change in the [net] carrying value, or with reference to observable market data). Accumulated amortisation is then adjusted to equal the difference between the gross and net carrying amounts ii. Accumulated amortisation is eliminated against the gross carrying amount.	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	The Group is currently assessing the impact on adoption.
26	Amendments to IAS 38 Issued: May 2014	The amendments clarify that for intangible assets there is a rebuttable presumption that amortisation based on revenue is not appropriate. Paragraphs 98A - 98C of IAS 38 have been added to clarify that there is a presumption that revenue-based amortisation is not appropriate, and that this can only be rebutted in limited circumstances where either: - The intangible asset is expressed as a measure of revenue, or - Revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Paragraph 98B clarifies that as a starting point to determining an appropriate amortisation method, an entity could determine the 'predominant limiting factor' inherent in the intangible asset, for example: - A contractual term which specifies the period of time that an entity has the to use an asset - Number of units allowed to be produced - Fixed total amount of revenue allowed to be received. Paragraph 98C then clarifies that where an entity has identified that the achievement of a revenue threshold is the predominant limiting factor of an intangible asset, it may be possible to rebut the presumption that revenue-based amortisation is not appropriate.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements of the Group.

	IFRS Reference	Nature of change	Application date	Impact on initial Application
27	**IAS 40 Investment Property**			
	Annual Improvements (2011-2013 Cycle) Issued: December 2013	The amendment notes that determining whether the acquisition of an investment property is a business combination requires consideration of the specific requirements of IFRS 3, independently from the requirements of IAS 40, in relation to: - Whether the acquisition of investment property is the acquisition of an asset, a group of assets, or a business combination (by applying the requirements of IFRS 3 only) - Distinguishing between investment property and owner-occupied property (by applying the requirements of IAS 40 only).	Mandatory adoption for periods beginning on or after 1 July 2014. Early adoption permitted.	No impact and the standard is not expected to have a material impact on the future financial statements of the Group.
28	**IAS 41 Agriculture**			
	Amendments to IAS 41 Issued: June 2014	The amendments extend the scope of IAS 16 Property, Plant and Equipment to include bearer plants and define a bearer plant as a living plant that: - Is used in the production process of agricultural produce, - Is expected to bear produce for more than one period; and - Has a remote likelihood of being sold (except incidental scrap sales). The changes made result in bearer plants being accounted for in accordance with IAS 16 using either: - The cost model, or - The revaluation model. The agricultural produce of bearer plants remains within the scope of IAS 41 Agriculture. The amendments include the following transitional reliefs for the purposes of their first time application: - Deemed cost exemption – Entities are allowed to use the fair value of the bearer plants at the beginning of the earliest period presented as the deemed cost. - Disclosures – Quantitative information describing the effect of the first time application as required by IAS 8.28(f) is not required for the current reporting period, but is required for each prior period presented.	Mandatory adoption for periods beginning on or after 1 January 2016. Early adoption permitted.	The standard is not expected to have a material impact on the future financial statements.

4 **Significant accounting policies**

(i) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is the fair value of the consideration received net of taxes and discounts. Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and reward of ownership has been completed. Revenue from service rendered is recognised immediately the service is completed and a service delivery form is issued. When services are provided in phases, revenue is recognised on completion of each phase of the project. Dividends are recognised when shareholders right to received payment is established.

Contract revenue is recognised in the income statement on percentage of completion method with the stage of completion being measured by reference to the actual work performed to date.

(ii) **Basis of consolidation**

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

a. **Associates**

When the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income except that losses in excess of the Group's investment in the associate are not recognised unless there is obligation to make good those losses.

Profit and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investor's interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associates.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in the associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non financial assets.

b. **Joint venture**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.
The Group reports its interests in jointly controlled entities using the equity method, which involves recognition in the consolidated income statement of Chams Plc's share of the net results of the joint ventures for the year. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Chams Plc's interest in a joint venture is carried in the statement of financial position at its share in the net assets of the joint venture together with goodwill paid on acquisition, less any impairment loss. When the share in the losses exceeds the carrying amount of an equity-accounted company (including any other receivables forming part of the net investment in the company), the carrying amount is written down to nil and recognition of further losses is discontinued, unless we have incurred legal or constructive obligations relating to the company in question

iii) Segment reporting

An operating segment is a component of an entity:

(a) That engages in business activities from which it may earn revenues and incur expenses (including inter group transactions).
(b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess its performance and
(c) For which discrete financial information is available

The Company has three main business segments:

- Identity Management and solutions
- Payments, Collections and Transactional Systems
- ICT Training

Revenue and cost reporting are directly related to the segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the members of the management team including the Group Managing Director.

All reported revenue and related costs of each segments are reconciled.

a. **Identity management**

Chams is a regional resource centre for identification solutions for clients ranging from corporations, educational bodies to national government.

Our identity management activities will include prometrics, biometrics identification with applications in the financial, healthcare, corporate and other public fields.

- **Chamscity:** is the major hub for large and nationwide Biometrics, data management, online real-time examinations and conferences etc. It offers a unique infrastructural backbone for the realisation of net national identification schemes and projects.
- **Terminal and printers:** has expertise in sales, installation and maintenance of Data card Printers in Nigeria and sales of terminals and access control.

Under the Group Operations we provide identity management through our subsidiary companies such as:

Card Centre Limited

This is an operator of one of the world's largest card manufacturing and personalising factory. It also has Smart and Chip Card expertise engaging efficient and effective technologies for card personalisation, identity card enrolment logistic and access control.

b. **Payments, collections and transactional systems**

Our payments systems involve building, developing and maintenance of ICT infrastructures across the nation through our companies by helping Nigeria move seamlessly with the world's trend of cashless economy. Under the Group Operations, we provide payment platforms through our subsidiary companies such as:

ChamsAccess Limited

Deploys across the nation the premium automated teller machines and self-service Chams Access Service Terminals (CAST).

ChamsSwitch Limited

Set up to build an enabling infrastructure to ensure unimpeded expansion of all other E-payment initiatives of Chams Group.

ChamsMobile Limited/Naira.com

Setting up mobile payment platforms that will allow users carry out transactions through their mobile phones. These transactions ranges from funds transfer and airtime top-up to balance equiry etc.

Paymaster Limited

Specialises in deployment of POS terminals with e-payment, vouchers, identity, loyalty, and more financing banking applications.

c. All non current assets under each segment are geographically analysed.

d. Others: Terminal and printers and recharge card aspect of Card Center

Geographical location

Abuja	**Lagos**
Chams Switch	Chams Plc

v. **Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

The expected useful lives of property, plant and equipment are as follows:

Leasehold improvement	**Over the shorter of the useful life of the item**
Building	50 years
Computers and other IT equipment	4 years
Furniture and fittings	4 years
Plant and machineries	7 years
Motor vehicles	4 years
IT Software	5 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised on disposal when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognised.

At each statement of financial position date, the Group assesses whether there is any indication that an asset may be impaired. If any such exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest generating unit to which the asset belongs.

If there is an indication that an asset is impaired, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement.

vi. **Leases**

Leases in which substantially all the risks and rewards incidental to the ownership of the leased asset have been transferred to the Group (a finance lease), the asset is treated as if it has been purchased outright. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The interest element of the lease is charged to the consolidated statement of comprehensive income over the period of the lease. Leases order than finance lease are operating lease and are not recognised as assets in the books. lease expenses are charged to the statement of profit or loss and other comprehensive income.

vii. **Investment property**

An investment property is an investment in land and building held primarily for generating income or capital appreciation and not occupied substantially for use in the operation of the Group.

Initial measurement is at cost, while subsequent recognition is at fair value. Investment property measured at fair value is reassessed every year and changes in carrying value are recognised in the consolidated statement of profit or loss.

viii. **Intangible asset**

Internally generated intangible assets primarily comprised internally developed software. Such software as well as other internally generated assets for internal use are valued at cost and amortised over their useful lives. Impairments are recorded if the carrying amount of the asset exceeds the recoverable amount.

Development costs include, in addition to those costs attributable to the development of the asset, an appropriate proportion of overhead costs. Borrowing costs are capitalised to the extent that they are material and related to the period over which the asset is generated. The estimated useful life of software is 10 years which is assessed for impairment every year.

ix. **Goodwill**

Goodwill represents an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately re-organised.

Cost comprises of assets given, liabilities assumed and equity instruments issued, plus the amount of any non controlling interests in the business acquired plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in case of contingent consideration classified as financial liability, measured subsequently through profit and loss.

Goodwill is capitalized as an intangible asset with any impairment (The Company is required to test on annual basis whether goodwill has suffered impairment) in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

x. **Inventories**

Inventories of raw materials are valued at lower of purchase cost (based on weighted average cost, including related costs) and their net realizable value. A write down is recorded if net realizable value is less than the book value.

Write down on inventories of spare parts and consumables are calculated by comparing book value and probable net realizable value after a specific analysis of obsolescence of inventory.

xi. **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

xii. **Borrowings costs**

Borrowing costs are interest and other costs that the entity incurs in connection with the borrowing of funds. Borrowing costs on qualifying capital expenditure are capitalized while others are expensed.

xiii. **Employee benefits**

a) **Short - term employee benefits**

All short term employee benefits payable within 12 months after service is rendered, the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period should be recognized in that period. All benefits that are due or outstanding as at the end of the year are accrued for.

b) **Defined contribution plans**

The cost to be recognized in the period is the contributory pension payable by employer (i.e. 7.5% of Basic, Housing and Transport) and the employee contributes in exchange for service rendered by employees during the period (e.g. pension contribution scheme). The cost is recognized as an expense in income statement when they fall due.

c) **Termination benefits**

Termination benefits would be recognized when and only when, the Group is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Group shall recognize termination benefits as an expense when the Group is demonstrably committed with a detailed formal plan for the termination without realistic possibility of withdrawal.

xiv. **Income tax**

Expenses on income tax comprise current and deferred tax. Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted by the Government. Current tax assets and liabilities will be offset on the statement of financial position. Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividend by the Group are recognized at the same time as the liability to pay the related dividend is recognized.

xv. **Share capital and share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Financial instruments issued by the Group are classified as equity only to extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Dividends on ordinary shares

xvi. Dividends on ordinary shares are recognised as a liability and deducted from equity when they become legally payable. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the shareholders. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

xvii. **Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated to the functional currency at exchange rates as at the date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Non monetary items are not re-translated at year end and are measured at historical cost (translated using the exchange rates at the transaction dates,) except for non monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

xviii. **Provisions, Contingent Assets and Liabilities**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required from the group and the amounts can be estimated reliably. Timing or amounts of the outflow may still be uncertain.

Provisions are measured at the estimated amounts required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are discounted to their present values when the time value of money is material.

xix. **Financial Instruments**

Recognition, Initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at fair value through profit or loss (FVTPL)
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least yearly to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in the profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, trade and other receivables fall into this category of financial instruments.

Individual significant receivables are considered for impairment when they are past due or when objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment including impairment losses are recognised in profit or loss.

AFS financial assets

AFS financial assets are non derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The group's AFS financial assets include unquoted equity investment in Joint Komputer Kompany Limited.

The equity investment in Joint Komputer Kompany Limited is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest rate method and dividends are recognised in profit or loss within finance income.

Reversals and impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

5 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates are based on factors including historical experience and expectations of future events that management believes to be reasonable. However, given the judgmental nature of such estimates, actual results could be different from assumptions used. The estimates and assumptions that can have significant risks of causing material adjustments to the carrying amounts of assets and liabilities are set out below:

a. Power to exercise significant influence

When the Group holds less than 20% of voting rights in an investment but the Company has the power to exercise significant influence, such an investment is treated as an associate. Where the Company holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is treated as an available – for – sale investment.

b. Legal proceedings

In accordance with IFRS, the Group recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of cost of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case(including the progress after the date of the financial statements but before those statements are issued), the opinion or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claims or assessment.

c. Determination of fair values of intangible assets in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that would have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sales of assets

d. **Income and deferred taxation**

Chams Plc and its subsidiary Companies annually incur significant amounts of income taxes payable and also recognises significant changes to deferred tax assets and liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly at times apply a complex set of rules, to recognise changes in applicable rules and in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

e. **Impairment of property, plant and equipment and intangible assets**

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

6 **Financial instruments- risk management**

The Group is exposed through its operations to the following financial risks:

- Foreign exchange risk
- Interest rate risk
- Liquidity risk
- Credit risk

Foreign Exchange Risk

Most of the Group’s transactions are carried out in Nigerian Naira (N). Exposures to currency exchange rates arise from the Group’s overseas purchases of goods and raw materials, which are primarily denominated in US dollars (USD). To mitigate the Group’s exposure to foreign currency risk, non-Naira cash flows are monitored and forward exchange contracts are entered into in accordance with the Group’s risk management policies.

Generally, the Group’s risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

Interest rate risk

The Group’s policy is to minimize interest rate cash flow risk exposures by choosing short term borrowings (mainly overdrafts). At 31 December 2014, the Group is exposed to changes in market interest rates through short term bank borrowings at variable interest rates. There are no borrowings at fixed interest rates. The exposure to interest rates for the Group’s money market funds is considered immaterial.

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by forecasting cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands: on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. Cash flows from trade and other receivables are all contractually due within six months.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk through creating receivables to customers, placing deposits etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December 2014.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the reported financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality.

Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

PRINCIPAL FINANCIAL INSTRUMENTS

- Trade receivables
- Cash and cash equivalents
- Investments in unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating - rate bank loans
- Forwar currency contracts

The Group's internal auditors periodically review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risks as far as possible without unduly affecting the Group's competitiveness and flexibility.

7(a) **Segment information (Group)**

	Identity management & Solution 2014 N'000	Others 2014 N'000	Total 2014 N'000
Revenue	3,550,819	565,015	4,115,834
Cost of sales	(2,114,328)	(451,146)	(2,565,474)
Gross profit	1,436,491	113,869	1,550,360
Total gross profit from external customers	1,436,491	113,869	1,550,360
Group gross profit per consolidated statement of comprehensive income	1,436,491	113,869	1,550,360
Depreciation	(111,472)	(83,246)	(194,718)
Segment profit/ (loss)	**1,325,019**	**30,623**	**1,355,642**
Other operating income			237,124
Depreciation of head office building			(38,114)
Finance expenses			(132,007)
Finance income			1,514
Administrative expenses			(1,162,354)
Group profit before tax			**261,805**
Segment financial position as at 31 December 2014			
Property plant and equipment (carrying amount)	1,495,347	946,833	2,442,180
Long term investments	-	100,000	100,000
Intangible assets	104,615	-	104,615
Investment projects	43,484	107,551	151,035
Deferred taxation	249,495	-	249,495
Current assets	8,982,852	1,451,964	10,434,816
Current liabilities	(6,383,825)	(1,126,557)	(7,510,382)
Net assets as at 31 December 2014	**4,491,968**	**1,479,791**	**5,971,759**

(b) Segment information (Group)	Identity management & Solution	Others	Total
	2013 N'000	2013 N'000	2013 N'000
Revenue	2,967,070	472,127	3,439,197
Cost of sales	(1,124,047)	(465,364)	(1,589,411)
Gross profit	1,843,023	6,763	1,849,786
Total gross profit from external customers	1,843,023	6,763	1,849,786
Group gross profit per consolidated statement of comprehensive income	1,843,023	6,763	1,849,786
Depreciation	(182,086)	(115,294)	(297,380)
Segment profit/ (loss)	**1,660,937**	**(108,531)**	**1,552,406**
Other operating income			22,342
Depreciation of head office building			(25,088)
Finance expenses			(216,472)
Finance income			3,198
Administrative expenses			(1,229,463)
Group profit before tax			**106,923**
Segment financial position as at 31 December 2013			
Property plant and equipment (carrying amount)	1,030,013	652,190	1,682,203
Long term investments	-	100,000	100,000
Intangible assets	98,703	-	98,703
Investment projects	43,484	107,752	151,236
Deferred taxation	129,126	-	129,126
Current assets	8,169,430	1,320,485	9,489,915
Current liabilities	(5,927,421)	(1,046,015)	6,899,850
Net assets as at 31 December 2013	**3,543,335**	**1,134,412**	**4,677,747**

(c) Segment information (Company)	Identity management & Solution	Others	Total
	2014 N'000	2014 N'000	2014 N'000
Revenue	3,074,034	262,325	**3,336,359**
Cost of sales	(2,047,834)	(126,964)	**(2,174,798)**
Gross profit	1,026,200	135,361	**1,161,561**
Total gross profit from external customers	1,026,200	135,361	**1,161,561**
Gross profit per statement of comprehensive income	1,026,200	135,361	**1,161,561**
Depreciation	(30,132)	(5,115)	**(35,247)**
Segment Profit	**996,068**	**130,246**	**1,126,314**
Other operating income			163,338
Other expenses			-
Depreciation of head office building			(28,753)
Finance expenses			(127,380)
Administrative expenses			(718,382)
Company profit before tax as at 31 December 2013			**415,137**
Segment financial position as at 31 December 2014			
Property plant and equipment (carrying amount)	1,932,554	187,405	2,119,959
Long term investments	420,897	1,525,088	1,945,985
Intangible assets	90,953	-	90,953
Investment projects	43,496	107,539	151,035
Deferred taxation	249,495	-	249,495
Current assets	7,855,193	1,150,223	9,005,416
Current liabilities	(3,267,640)	(669,276)	(3,936,916)
Net assets	**7,324,948**	**2,300,979**	**9,625,927**

Segment information Company	Identity management & Solution	Others	Total
	2013 N'000	2013 N'000	2013 N'000
Revenue	2,740,256	401,779	**3,142,035**
Cost of sales	(1,166,610)	(238,944)	**(1,405,554)**
Gross profit	1,573,646	162,835	**1,736,481**
Total gross profit from external customers	1,573,646	162,835	**1,736,481**
Gross profit per statement of comprehensive income	1,573,646	162,835	**1,736,481**
Depreciation	(56,852)	(4,823)	**(61,675)**
Segment Profit	**1,516,794**	**158,012**	**1,674,806**
Other operating income			20,042
Other expenses			-
Depreciation of head office building			(25,088)
Finance expenses			(211,942)
Administrative expenses			(823,642)
Company profit before tax as at 31 December 2013			**634,176**
Segment financial position as at 31 December 2013			
Property plant and equipment (carrying amount)	1,061,484	102,935	1,164,419
Long term investments	420,897	1,525,088	1,945,985
Intangible assets	98,703	-	98,703
Investment projects	43,397	107,539	150,936
Deferred taxation	129,126	-	129,126
Current assets	7,697,641	1,147,568	8,845,209
Current liabilities	(3,437,885)	(704,145)	(4,142,030)
Net assets	**6,013,363**	**2,178,985**	**8,192,348**

8 **Other operating income**	Group		Company	
	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Rental Income	37,812	16,355	37,812	16,355
Miscellaneous income	1,258	5,987	988	3,687
Sundry income	72,068	-	-	-
Interest received	85	-	-	-
Waiver received on loan repayment	70,776		70,776	
Profit from disposal of property, plant and equipment	1,363	-	-	-
Exchange difference	53,762	-	53,762	-
Total	**237,124**	**22,342**	**163,338**	**20,042**

Finance income and expense

		Group		Company	
		2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
9	**Finance income**				
	Interest received on bank deposits	1,514	3,198	-	-
	Total finance income	1,514	3,198	-	-
	Finance expenses	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	Interest expense on loans and overdraft	119,983	209,200	117,482	205,678
	Bank Charges	12,024	7,272	9,898	6,264
	Total finance expenses	132,007	216,472	127,380	211,942
	Net finance expenses recognised in income statement	(130,493)	(213,274)	(127,380)	(211,942)

		Group		Company	
10	**Earnings per share**				
		₦'000	**₦'000**	**₦'000**	**₦'000**
	Earnings for the year and earnings used in basic EPS	310,739	321,031	474,514	723,282
	Earnings used in diluted EPS	310,739	321,031	474,514	723,282
	Denominator	**'000**	**'000**	**'000**	**'000**
	Weighted average number of shares used in basic EPS	4,696,060	4,696,060	4,696,060	4,696,060
	Weighted average number of shares used in diluted EPS	4,696,060	4,696,060	4,696,060	4,696,060
		7k	7k	10k	15k

11(a) **Property, plant and equipment (Group)**

Cost/valuation	Land ₦'000	Building ₦'000	Plant and machinery ₦'000	Fixtures and fittings ₦'000	Computer equipment ₦'000	Equipment ₦'000	Motor Vehicle ₦'000	Total ₦'000
Balance at 1 January 2014	100,583	1,258,320	837,828	494,749	392,101	1,197,636	180,315	4,461,532
Additions	4,426	4,500	23,942	3,596	15,628	46,651	26,400	125,143
Disposals	-	-	(138,946)	-	-	-	(14,118)	(153,064)
Fair value gain recognised in other comprehensive income	-	737,180	-	-	-	-	-	737,180
Adjustments	-	-	-	-	(7,040)	-	-	(7,040)
Balance at 31 December 2014	**105,009**	**2,000,000**	**722,824**	**498,345**	**400,689**	**1,244,287**	**192,597**	**5,163,751**
Balance at 1 January 2013	**100,583**	**1,258,320**	**1,111,610**	**495,757**	**389,371**	**1,192,515**	**180,103**	**4,728,259**
Additions	-	-	1,396	872	2,751	5,140	11,070	21,229
Disposals	-	-	(275,178)	-	(21)	(19)	-	(275,218)
Assets written off	-	-	-	-	-	-	(10,858)	(10,858)
Adjustments	-	-	-	(1,880)	-	-	-	(1,880)
Balance at 31 December 2013	**100,583**	**1,258,320**	**837,828**	**494,749**	**392,101**	**1,197,636**	**180,315**	**4,461,532**
Accumulated depreciation								
Balance at 1 January 2014	-	**196,695**	**634,672**	**332,581**	**348,085**	**1,098,437**	**168,859**	**2,779,329**
Depreciation charge for the year	-	25,190	161,449	3,963	23,070	10,080	9,080	**232,832**
Disposals	-	-	(34,586)	-	-	-	(14,118)	**(48,704)**
Fair value gain recognised in other comprehensive income	-	(221,885)	-	-	-	-	-	**(221,885)**
Balance at 31 December 2014	-	-	761,535	336,544	371,155	1,108,517	163,821	2,741,572
Balance at 1 January 2013	-	**171,607**	**671,123**	**323,984**	**261,967**	**1,071,458**	**171,872**	**2,672,011**
Depreciation charge for the year	-	25,088	166,241	10,668	86,118	26,788	7,565	322,468
Disposals			(202,692)					(202,692)
Adjustments				(2,071)	-	191	(10,578)	(12,458)
Balance at 31 December 2013	**-**	**196,695**	**634,672**	**332,581**	**348,085**	**1,098,437**	**168,859**	**2,779,329**
Carrying amount as at:								
31 December 2014	**₦105,009**	**₦2,000,000**	**-₦38,711**	**₦161,801**	**₦29,534**	**₦135,770**	**₦28,776**	**₦2,422,179**
31 December 2013	**₦100,583**	**₦1,061,625**	**₦203,156**	**₦162,168**	**₦44,016**	**₦99,199**	**₦11,456**	**₦1,682,203**

11(b) **Property, plant and equipment (Company)**

Cost/valuation	Land ₦'000	Building ₦'000	Plant and machinery ₦'000	Fixtures and fittings ₦'000	Computer equipment ₦'000	Equipment ₦'000	Motor Vehicle ₦'000	Total ₦'000
Balance at 1 January 2014	**44,146**	**1,258,321**	**84,437**	**241,801**	**48,529**	**934,656**	**127,868**	**2,739,758**
Additions	4,426	4,499	-	3,497	14,559	7,025	26,400	60,406
Fair value gain recognised in other comprehensive income	-	737,180	-	-	-	-	-	737,180
Balance at 31 December 2014	**48,572**	**2,000,000**	**84,437**	**245,298**	**63,088**	**941,681**	**154,268**	**3,537,344**
Balance at 1 January 2013	**44,146**	**1,258,321**	**84,437**	**241,005**	**48,529**	**929,676**	**116,798**	**2,722,912**
Additions	-	-	-	796	-	4,980	11,070	16,846
Balance at 31 December 2013	**44,146**	**1,258,321**	**84,437**	**241,801**	**48,529**	**934,656**	**127,868**	**2,739,758**
Accumulated depreciation								
Balance at 1 January 2014	-	**196,695**	**64,433**	**241,098**	**31,599**	**923,976**	**117,538**	**1,575,339**
Depreciation charge for the year	-	25,190	10,486	1,525	9,729	9,009	7,993	63,932
Fair value gain recognised in other comprehensive income	-	(221,885)	-	-	-	-	-	**(221,885)**
Balance at 31 December 2014	**-**	**-**	**74,919**	**242,623**	**41,328**	**932,985**	**125,531**	**1,417,386**
Balance at 1 January 2013	-	**171,607**	**52,443**	**234,069**	**19,749**	**898,321**	**112,387**	**1,488,576**
Depreciation charge for the year	-	25,088	11,990	7,029	11,850	25,655	5,151	86,763
Balance at 31 December 2013	-	**196,695**	**64,433**	**241,098**	**31,599**	**923,976**	**117,538**	**1,575,339**
Carrying amount as at:								
31 December 2014	**₦48,572**	**₦2,000,000**	**₦9,518**	**₦2,675**	**₦21,760**	**₦8,696**	**₦28,737**	**₦2,119,958**
31 December 2013	**₦44,146**	**₦1,061,626**	**₦20,004**	**₦703**	**₦16,930**	**₦10,680**	**₦10,330**	**₦1,164,419**

11(c) Buildings classified as property, plant and equipment were valued as at 31 December 2014 using the market value by Jide Alabi & Co (Estate Surveyors and Valuers), an external independent qualified valuers.

The fair value of buildings is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	₦'000
Opening balance (level 3 recurring fair value)	1,061,625
Purchased	4,499
Disposals	-
Charge for the year	(25,189)
Gains included in other comprehensive income	959,065
closing balance (level 3 recurring fair value)	2,000,000

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Item and valuation approach	**Key Unobservable inputs**	**Relationship between unobservable inputs to fair value**
Fair value is determined by applying the income approach based on the estimated rental value of the property. Discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an external independent valuer based on comparable transactions and industry data.	Discount rate (% to = %) weighted average (%-%). Terminal yield (%-%) weighted average (%-%)	The higher the discount rate, terms at yield and expected vacancy rate the lower the fair value
	Expected vacancy rate (x% to x%) weighted average (%-%)	The higher the rental growth rate, the higher the fair value.
	Rated growth rate (x% to x%) weighted average (% - %)	

Had the revalued properties been measured on historical cost basis, their net book value would have been N1,040,937,000 (2013: N1,061,626,000) the revaluation surplus (gross of tax) amounted to N959,065,000 (2013: Nil).

12 **Investment projects:**

	Group		Company	
	2014	**2013**	**2014**	**2013**
Investment projects	**N'000**	**N'000**	**N'000**	**N'000**
Chams Varsity	4,083	4,083	4,083	4,083
Chams.Net	40,796	40,796	40,796	40,796
Chams Wallet	6,290	6,290	6,290	6,290
Chams Consortium	72,246	72,147	72,246	72,147
Chams Mobile Limited	27,620	27,920	27,620	27,620
Total	**151,035**	**151,236**	**151,035**	**150,936**

Investment projects represent expenses incurred on behalf of Chams Varsity, Chams.Net and Chams Wallet divisions, and will be converted to shares when these divisions become subsidiaries.

ChamsAccess Limited

Deploys across the nation the premium automated teller machines and self - service Chams Access Service Terminals (CAST)

ChamsSwitch Limited

Set up to build an enabling infrastructure to ensure unimpeded expansion of all other E-payment initiatives of Chams Group

ChamsMobile Limited

Setting up more mobile payment platforms that will allow users to carry out transactions through their mobile phones.

These transactions range from funds transfer and airtime top-up to balance enquiry etc.

Paymaster Limited

Specialises in deployment of POS terminals with e-payment, vouchers, identity, loyalty and more financing & banking applications.

13(a) Intangible assets - Group

Cost	MasterVerve Certificate	NCC Licences	Software Development	Total
	N'000	N'000	N'000	N'000
Balance at 1 January 2014	-	150,000	125,349	275,349
Additions - internally developed	13,662	-	-	13,662
Balance at 31 December 2014	13,662	150,000	125,349	289,011
Balance at 1 January 2013	-	150,000	125,349	275,349
Balance at 31 December 2013	-	150,000	125,349	275,349
Amortisation				
Balance at 1 January 2014	-	150,000	26,646	176,646
Amortisation charge for the year		-	7,750	7,750
Balance at 31 December 2014	-	150,000	34,396	184,396
Balance at 1 January 2013	-	120,000	20,236	140,236
Amortisation charge for the year	-	30,000	6,410	36,410
Balance at 31 December 2013	-	150,000	26,646	176,646
Carrying amount as at:				
31 December 2014	13,662	-	90,953	104,615
31 December 2013	-	-	98,703	98,703

Intangible assets represent the value of NCC licence acquired from SmartCity by Card Center Nigeria Limited and Software Development Cost acquired from Supercard Limited by Chams Plc recognised in the books in 2011. These assets have a lifespan of 10 years, which should be amortized by straight line method at 10% p.a.

Amortisation charges on the group's intangible assets are recognised in the administrative expenses line item in the statement of profit or loss and other comprehensive income.

13(b) Intangible assets - Company

	Software Development	Total
Cost	**₦'000**	**₦'000**
Balance at 1 January 2014	**125,349**	**125,349**
Additions - externally acquired	-	**-**
Additions - internally developed	-	**-**
Balance at 31 December 2014	**125,349**	**125,349**
Balance at 1 January 2013	125,349	125,349
Additions - externally acquired	**-**	-
Additions - internally developed	**-**	-
Balance at 31 December 2013	**125,349**	**125,349**
Amortisation		
Balance at 1 January 2014	26,646	**26,646**
Amortisation charge for the year	7,750	**7,750**
Balance at 31 December 2014	**34,396**	**34,396**
Balance at 1 January 2013	20,236	**20,236**
Amortisation charge for the year	6,410	**6,410**
Balance at 31 December 2013	**26,646**	**26,646**
Carrying amount as at:		
31 December 2014	**₦90,953**	**₦90,953**
31 December 2013	**₦98,703**	**₦98,703**

Intangible assets represent the value of Software Development Cost acquired from Supercard Limited by Chams Plc recognised in the books in 2011.

14 Investment in subsidiaries

a) Composition of the Group

Name of the Subsidiary	Country of incorporation and principal place of business	Principal Activities	Proportion of ownership Interests held by the Group 31 December 2014	31 December 2013
Card Centre Nigeria Limited	Nigeria	Printing of payment/ financial cards	90.63%	99.07%
Chams Access Limited	Nigeria	Development of ATM, POS, printers and terminals	68.37%	68.37%
Chams Switch Limited	Nigeria	Processing of electronic payment	90%	84%

b) Subsidiary with material non-controlling interests

The Group includes one subidiary, Chams Access Limited with material non-controlling interests (NCI):

Name	Proportion of ownership interest and voting rights held by the NCI		Less allocated to NCI		Accumulated NCI	
	31 December 2014 N'000	31 December 2013 N'000	1 December 2014 N'000	31 December 2013 N'000	31 December 2014 N'000	31 December 2013 N'000
Chams Access Ltd	31.63	31.63	(19,187)	(99,549)	-	(556,702)

No dividends were paid on the NCI during the years 2014 and 2013.
Summarised financial information for Chams Access Limited intragroup eliminations, is set out below:

	2014 N'000	2013 N'000
Non-current assets	549,636	698,854
Current assets	459,745	277,792
Total assets	1,009,381	976,646
Non-current liabilities	1,517,374	1,517,374
Current liabilities	212,977	111,847
Total liabilities	1,730,351	1,629,221
Equity attributable to owners of the parent		
Non-controlling interests	**N'000**	**N'000**
Revenue	494,135	112,818
Loss for the year attributable to owners of the parent	(45,275)	(215,180)
Loss for the year attributable to NCI	(20,946)	(99,549)
Loss for the year	(66,221)	(314,729)
Other comprehensive income for the year (all attributable to owners of the parent)	-	-
Total comprehensive income for the year attributable to owners of the parent	(45,275)	(215,180)
Total comprehensive income for the year attributable to NCI	(20,946)	(99,549)
Total comprehensive income for the year	(66,221)	(314,729)

c) Loss of control over a subsidiary during the year

The Group did not lose any control in any subsidiary during 2014 and 2013

d) Interest in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

e) Investment in associate

The Group's only investment in associate is in Paymaster Limited. No dividend were received from Paymaster Limited during 2014 and 2013. The investment in Paymaster Limited has been fully provided for based on diminution in value.

		Group		Company	
		2014	2013	2014	2013
f)	**Analysis of investment in subsidiaries**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
	Card Centre Nigeria Limited	-	-	1,531,302	1,531,302
	Chams Access Limited	-	-	810,600	810,600
	Chams Switch Limited	-	-	599,251	599,251
		-	**-**	**2,941,153**	**2,941,153**
	Impairment provision for value of subsidiaries				
	Card centre Limited	-	-	(981,798)	(981,798)
	Chams Access	-	-	(113,370)	(113,370)
	Net investment in subsidiaries	**-**	**-**	**1,845,985**	**1,845,985**

The impact of the current net asset/(liabilities) position of a subsidiary estimated at N479 million has not been adjusted for in the Company's investments in subsidiary Companies stated above. The Directors are of the opinion that the investments in subsidiaries are fully recoverable based on Directors enterprise valuation and significant improvement in trading activities subsequent to the year end.

15)	**Investment in equity accounted entities**				
	Paymaster Nigeria Limited	263,471	263,471	263,471	263,471
	Impairment allowance for value of investment	(263,471)	(263,471)	(263,471)	(263,471)
	Net investment in associate	-	-	-	-
16)	**Available for sale financial assets**				
	Unitec Nigeria Limited	1,500	1,500	1,500	1,500
	Joint Komputer Kompany Limited	100,000	100,000	100,000	100,000
		101,500	**101,500**	**101,500**	**101,500**
	Impairment provision	(1,500)	(1,500)	(1,500)	(1,500)
	Net Investemnt in equity accounted enties	**100,000**	**100,000**	**100,000**	**100,000**
17)	**Inventories**				
		N'000	**N'000**	**N'000**	**N'000**
	Terminals and consumables	1,264,301	786,109	175,395	99,110
	Work in progress	197,986	141,381	197,986	141,381
	Goods in transit	2,061	8,419	-	-
		1,464,348	**935,909**	**373,381**	**240,491**

18(a) **Trade and other receivables**

	Group		Company	
	2014	2013	2014	2013
	N'000	N'000	N'000	N'000
Trade receivables	5,689,769	5,655,598	4,899,680	5,036,098
Less: provision for impairment of trade receivables (18(d))	(860,034)	(847,692)	(558,804)	(522,755)
Trade receivables - net	4,829,735	4,807,906	4,340,876	4,513,343
Receivables from subsidiary companies (Note 18(g(i))	-	-	1,461,247	908,738
Receivables from related parties (Note 18(g(ii))	334,506	295,648	321,258	295,648
Loan to related Company	-	-	527,378	527,378
Total financial assets other than cash and cash equivalents classified as loans and receivables	5,164,241	5,103,554	6,650,759	6,245,107
Prepayments	29,717	74,342	29,709	74,334
Other receivables (Note 18(c)	2,176,496	2,306,156	1,826,470	2,186,632
Total trade and other receivables	7,370,454	7,484,052	8,506,938	8,506,073

(b) **Other receivables**

	2014	2013	2014	2013
Other receivables	₦'000	₦'000	₦'000	₦'000
Withholding tax	179,546	72,427	139,967	37,697
Directors current account	255,086	328,904	255,086	320,548
VAT	20,881			
Staff debtors	123,970	112,033	106,605	95,793
other receivables	758,954	954,733	486,753	894,535
Deposit for shares- Chams Access	1,000,000	1,000,000	1,000,000	1,000,000
Less impairment allowance for staff loans and directors current account (Note 18(e))	(161,941)	(161,941)	(161,941)	(161,941)
Total other receivables	2,176,496	2,306,156	1,826,470	2,186,632

(c) Term loan represents loan given by Chams Plc to Chams Access Limited at interest free rate

(d) ***Movement in impairment allowance for trade receivables***

	₦'000	₦'000	₦'000	₦'000
Balance at beginning of the year	847,692	523,587	522,755	474,312
Additions during the year	85,424	324,105	85,032	48,443
Write off	(73,082)		(48,983)	-
Balance at the end of the year	860,034	847,692	558,804	522,755

(e) **Movement in impairment allowance for staff loans and other receivables**	2014 ₦'000	2013 ₦'000	2014 ₦'000	2013 ₦'000
Balance at beginning of the year:				
Staff debtors	161,941	99,249	95,791	99,249
Directors current account	-	66,150	66,150	66,150
	161,941	165,399	161,941	165,399
Additions/(write back) during the year :				
Directors current account	-	-	-	-
Staff debtors		(3,458)	-	(3,458)
Balance at the end of the year	161,941	161,941	161,941	161,941

Allowance for doubtful receivables was made on trade and other receivables which have been past due.
Receivables are considered to be past due when they exceed the credit period granted.

(g) **Receivables from subsidiaries and other related parties**

(i) **Receivables from subsidiaries**	**N'000**	**N'000**	**N'000**	**N'000**
Card Centre Nigeria Limited	-	-	1,297,810	754,966
Chams Switch Limited	-	-	163,437	153,772
Chams Mobile Limited	-	-	-	-
	-	**-**	**1,461,247**	**908,738**
(ii) **Receivables from related parties**				
Smart City Limited	-	5,000	-	5,000
Chams Consortium	41,524	20,180	41,524	20,180
Paymaster Nigeria Limited	251,396	242,130	251,396	242,130
Chams mobile	41,586	28,338	28,338	28,338
	334,506	**295,648**	**321,258**	**295,648**

Included in trade receivables at the end of the year in the financial statements are amounts of N1.8 billion and N714 million (31 December 2013: N1.50 billion: N 1.5 billion) due from Osun State Government and Dermalog/Bankers Committee respectively. These balances constitute about 52% of total trade receivables at the end of the year. Trade receivables disclosed above include amounts that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because they relate to customers with no default history and the amounts are considered recoverable.

The ageing analysis of trade receivables that are past due but not impaired is stated below:

	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Up to 3 months	-	3,413,626	-	3,413,626
3 to 6 months	-	785,955	-	785,955
6 to 12 months	-	188,550	-	188,550
	-	4,388,131	-	4,388,131

Movements in the impairment allowance for trade receivables are disclosed in note 18(d) and 18(e)

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

19(a) **Income tax**

	Group		Company	
Current tax expense	**2014**	**2013**	**2014**	**2013**
Current tax on loss for the year:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Company/Minimum Tax	85,253	52,008	75,435	44,443
Education tax	12,343	15,237	9,581	15,237
NITDA Levy	4,151	6,342	4,152	6,342
	101,747	73,587	89,168	66,022
Deferred tax expense				
Originating and reversal of temporary differer	(120,369)	(155,128)	(120,369)	(155,128)
Total current tax	**(18,622)**	**(81,541)**	**(31,201)**	**(89,106)**

(b) The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to profits for the year are as follows:

	2014	**2013**	**2014**	**2013**
	N'000	**N'000**	**N'000**	**N'000**
Profit for the year	261,805	106,923	415,137	634,176
corporate tax at the domestic rate of 30% (20	78,542	190,253	124,541	190,253
Effect of income that is exempt from taxatior	(129)	(1,037)	-	(1,037)
Effect of expenses that are not deductible in determining taxable profit	103,473	45,871	19,179	38,306
Losses relieved	-	(52,126)	(647)	(52,126)
Investment allowance	(8,098)	-	-	-
Balancing charge	129			
Adjusted loss/relieved	(30,843)	-	-	-
Capital allowances absorbed	(95,814)	(152,373)	(95,814)	(152,373)
Total profit	-	(23,024)	-	(23,024)
Minimum Tax	37,993	44,443	28,176	44,443
Education tax	12,343	15,237	9,581	15,237
NITDA Levy	4,151	6,342	4,151	6,342
Originating and reversal of temporary differer	(120,369)	(155,128)	(120,369)	(155,128)
Tax expense/(income)	(18,622)	(81,541)	(31,201)	(127,412)

	Opening Balance at 31 December 2013	**Recognize in net income**	**Recognize in OCI**	**Recognise directly in equity**	**Reclassify from equity to net income**	**Closing Balance at 31 December 2014**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
(c) Group						
Deferred tax liabilities						
Revaluation Surplus on PPE	122,230	-	-	-	-	122,230
Unrealised Exchange Gain	185	(185)	-	-	-	0
Difference between NBV and TWDV	(66,855)	46,294	-	-	-	(20,561)
Deferred tax liability	**55,560**	**46,109**	**-**	**-**	**-**	101,669
Deferred tax assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Losses carried forward	-	-	-	-	-	-
Unutilised capital allowances	184,686	166,478	-	-	-	351,164
Investment Allowance	-	-	-	-	-	-
Deferred tax assets	**184,686**	**166,478**	**-**	**-**	**-**	351,164
2014 net deferred tax liability movement	**(129,126)**	**(120,369)**	**-**	**-**	**-**	**(249,495)**

(d) Company	Opening Balance at 31 December 2013	Recognize in net income	Recognize in OCI	Recognise directly in equity	Reclassify from equity to net income	Closing Balance at 31 December 2014
Deferred tax liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Revaluation Surplus on PPE	122,230	-	-	-	-	122,230
Unrealised Exchange Gain	185	(185)	-	-	-	0
Excess of NBV over TWDV	(66,855)	46,294	-	-	-	(20,561)
Deferred tax liability	**55,560**	**46,109**	**-**	**-**	**-**	**101,669**
Deferred tax assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Losses carried forward	-					-
Unutilised capital allowances	184,686	166,478	-	-	-	351,164
Deferred tax assets	**184,686**	**166,478**	**-**	**-**	**-**	**351,164**
2014 net deferred tax liability movement	**(129,126)**	**(120,369)**	**-**	**-**	**-**	**(249,495)**

	Group		Company	
	2014	2013	2014	2013
(e) Statement of Financial Position	N'000	N'000	N'000	N'000
Balance as at 1 January	526,148	452,561	490,295	424,273
Charge/(Writeback) for the year	101,747	73,587	89,168	66,022
	627,895	526,148	579,463	490,295
Payment during the year	(16,116)	-	(15,000)	-
Per Statement of Financial Position	**611,779**	**526,148**	**564,463**	**490,295**

(f) The amount provided as income tax on the results of the Group and the Company is based on the provisions of Companies Income Tax Act CAP 21 LFN 2004 (as amended)

(g) Education tax for the Group and the Company is computed at 2% of assessable profit in line with Education Tax Act CAP E4 LFN, 2004 as amended.

20 Trade and other Payables	N'000	N'000	N'000	N'000
Trade payables	1,373,658	1,562,270	1,062,058	1,276,715
Other payables and accruals	3,508,870	2,789,842	1,781,477	1,351,616
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,882,528	4,352,112	2,843,535	2,628,331
Payable to subsidiary companies	-	-	18,124	12,224
Payable to related companies	5,000	-	-	-
Other payables - tax and social security payments	206,091	222,225	93,407	103,570
Total trade and other payables	**5,093,619**	**4,574,337**	**2,955,066**	**2,744,125**

a) The fair value of trade and other payables classified as financial liabilities measured at amortised cost was based on cash flows discounted.

b) **Dividend**

The directors proposed a dividend of 2k per share amounting to N93,921,200 on the issued and fully paid up share capital of 50 kobo each. This dividend is subject to approval by shareholders at the next Annual General Meeting. Consequently, it has not been included as a liability in these financial statements. Dividends to shareholders are now accounted for on the date of declaration as they do not meet the criteria of present obligation as stipulated in the International Financial Reporting Standards (IAS 37). The proposed dividend is subject to deduction of withholding tax at the appropriate rate.

In addition, the Company has made a provision on N28,176,360 in the financial statements for the tax that may become payable as a result of dividend distribution.

20(c) Other payables and accruals	N'000	N'000	N'000	N'000
Advances from customers	53,422	101,401	53,422	101,401
Creditors for sundries	695,567	361,881	608,061	306,438
ChamsCooperative	10,453	10,501	7,614	7,174
Withholdingtax	59,812	59,496	59,496	59,496
Value Added Tax	547,709	408,989	397,946	291,120
Deposit for shares	1,000,000	1,000,000	-	-
Accruals and other creditors	1,141,907	847,574	654,938	585,987
	3,508,870	2,789,842	1,781,477	1,351,616

21 Loans and borrowings	N'000	N'000	N'000	N'000
Bank Loan	18,855	303,505	-	303,505
Bank overdraft	449,412	637,018	445,563	604,105
Total Loans and borrowings	468,267	940,523	445,563	907,610

Borrowings are purely overdrafts from Access bank (19% p.a) and Wema bank (20% p.a)

Security on Facility

1. Admission into mortgage debenture on Head Office property.
2. Domiciliation of contract proceeds upon utilization of CFF
   Personal Guarantee of Sir Demola Aladekomo, Managing Director
   Personal Guarantee of two directors of Chams Plc supported by statements of Net worth
   All Assets Debenture

22 **Due to related party**

	Group		Company	
	2014	2013	2014	2013
	₦'000	₦'000	₦'000	₦'000
Chams Access	-	-	13,124	12,224
Smart City Limited	-	-	5,000	-
	-	-	18,124	12,224

The Group has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given nor received during 2014 or 2013 regarding related party transactions.

23 **Share capital**

	Group		Company	
	Value	Value	Value	Value
Authorised:	₦'000	₦'000	₦'000	₦'000
10 billion ordinary shares of 50 kobo each	5,000,000	5,000,000	5,000,000	5,000,000
	Number	Number	Number	Number
	₦'000	₦'000	₦'000	₦'000
10 billion ordinary shares of 50k each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:	Value	Value	Value	Value
	₦'000	₦'000	₦'000	₦'000
4,696,060,000 ordinary shares of 50 kobo each	2,348,030	2,348,030	2,348,030	2,348,030
	Number	Number	Number	Number
	'000	'000	'000	'000
4,696,060,000 ordinary share of 50k each	4,696,060	4,696,060	4,696,060	4,696,060

24 **Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserve	Gain/(losses arising on the revaluation of the group's property
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere

25 **Capital reserve**

	GROUP		COMPANY	
	2014	2013	2013	2013
	N'000	N'000	N'000	N'000
Opening balance	131,094	78,571	-	-
Capital reserve on consolidation	14,428	52,523	-	-
At 31 December	145,522	131,094	-	-

26 **Non-controlling interests**

	GROUP		COMPANY	
	2014	2013	2013	2013
	N'000	N'000	N'000	N'000
Share capital	596,746	601,583	-	-
Share premium	15,119	24,710	-	-
Revenue reserves	(1,014,852)	(993,763)	-	-
At 31 December	(402,987)	(367,470)	-	-

27 Cash and cash equivalents	Group		Company	
Comprises:	2014 N'000	2013 N'000	2014 N'000	2013 N'000
Bank and cash balances	228,777	137,526	125,102	98,645
Bank overdraft/borrowings	(445,563)	(940,523)	(445,563)	(907,610)
	(216,786)	**(802,997)**	**(320,461)**	**(808,965)**

28. **Financial instruments**

Accounting classification and fair value of financial assets and liabilities

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Held for trading carried at fair value	Loans and receivables carried at amortised cost	Available for sale investments carried at cost	Total carrying amount	Fair value
31 December 2014	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Financial assets					
Cash and cash equivalents	-	228,778	-	228,778	-
Investment in JKK	-	-	100,000	100,000	100,000
Trade and other receivable	-	7,370,454	-	7,370,454	7,370,454
	-	7,599,232	100,000	7,699,232	7,470,454
Financial liabilities	-		-		
Trade and other payables	-	-	-	-	-
Loans and borrowings	-	-	-	-	-
	-	-	-	-	-
31 December 2013					
Financial assets					
Cash and cash equivalents	-	137,526	-	137,526	-
Investment in JKK	-	-	100,000	100,000	100,000
Trade and other receivable	-	7,484,052	-	7,484,052	7,484,052
	-	7,621,578	100,000	7,721,578	7,584,052
Financial liabilities	-		-		
Trade and other payables	-	4,574,337	-	4,574,337	-
Loans and borrowings	-	940,523	-	940,523	-
	-	5,514,860	-	5,514,860	-

29 **Financial Risk Management**

The Group is exposed through its operations to the following risks:
- Reputional risk
- Technology risk
- Legal Risk
- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Economic government/political risk.

In common with all other business, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no subtantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Forward currency contracts

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives quaterly reports from the Financial Controller through which it reviews and monitors performance. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by business practices.

The Finance Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered from the Finance Committee.

The Finance Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, the Group ensures that substantial amount of the outstanding balance is paid before future credit sales are made to the customers.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, the Group consider banks that have been approved by the Central Bank of Nigeria.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 16.

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	31 December 2014 Cash at Bank N'000	31 December 2013 Cash at Bank N'000
Zenith International Bank Plc	86,249	83,780
UBA	23,794	7,795
	110,043	91,575

The Finance Committee monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Group's use of tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk) or other market factors (other price risk)

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate from borrowings at floating rate. It is currently Group policy that all existing floating rate borrowings are restructured to fixed rates in order to mitigate against frequent fluctuation in interest rate.This policy is managed across the Group by individual treasury units. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an apropriate balance of exposure to these risks.

During 2014 and 2013, the Group's borrowings at variable rate were denominated in Naira

The Group analysis the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest bearing positions.

Based on the various scenarios the Group then manages "its cash-flow" interest rate risk by changing from using floating-to-fixed interest rate. The Group has adopted a No borrowing policy in order to eliminate expsosure to interest rate.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board recieves a monthly forcast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is currently not expose to foreign exchange risk as it does not have any liabiity to be settled in foreign currency.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowing.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to seek for overdraft facilities. The Group currently maintain a "no borrowing Philosophy".

The liquidity risk of each entity is managed by the treasury function within the entity. To ensure efficiency in liquidity management, the tressury unit manages the funds for each projects within the Group. Projects within each entity are seen as being self funding.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2014	Below 1 year N'000	Between 1 to 2 years N'000	Above 3 years N'000	Total N'000
Trade and other payables	5,093,619	-	-	5,093,619
Loans and borrowings	468,267	-	-	468,267
Total	**5,561,886**	**-**	**-**	**5,561,886**

At 31 December 2013	Between 1 year N'000	Between 1 to 2 years N'000	Above 3 years N'000	Total N'000
Trade and other payables	4,574,337	-	-	4,574,337
Loans and borrowings	940,523	-	-	940,523
Total	**5,514,860**	**-**	**-**	**5,514,860**

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital share premium, non-controlling interest, retained earnings, and revaluation reserves)

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the consoidated statement of financial positon) less cash and cash equivalents.

Due to recent market uncertainly, the Group's strategy is to preserve a strong cash base and achieve a debt-to-adjusted-capital ratio of approximately 4-5% (2013: 20 - 22%). The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The debt-to-adjusted-capital ratios at 31 December 2014 and at 31 December 2013 were as follows:

	2014 N'000	2013 N'000
Loans and borrowings	468,267	940,523
Less: cash and cash equivalents	(228,777)	(137,526)
Net debt	239,490	802,997
Total equity	5,945,416	4,677,747
Total adjusted capital	5,705,926	3,874,750
Debt to adjusted capital ratio (%)	**4.20%**	**20.72%**

The decrease in the debt to adjusted capital ratio during 2014 resulted primarily from the decrease in net debt resulting from increase of cash from operating activities and reduction in loans and borrowings.

29. Guarantees and other financial commitments

Capital commitments

There were no capital commitments authorised by the Directors as at 31 December, 2014 (2013 - Nil).

Contingent liabilities

The Directors are of the opinion that there were no contingent liabilities in respect of actions against the company, accordingly no provision has been made in these consolidated financial statements as at 31 December 2014 (2013 - Nil).

30. Subsequent events review

In the opinion of the Directors, there were no significant post balance sheet events that could have material effect on the state of affairs of the Company and its subsidiaries as at 31 December 2014 and on the loss for the year ended on that date, which have not been adequately provided for or disclosed in these consolidated financial statements.

31. **Related party transactions**

Related parties include the Board of Directors, the Group Executive Board, the Group Managing Director, close family members and companies which are controlled by these individuals.

During the year, the Company transacted business to/from its subsidiaries and associated companies These transactions were conducted on an arms length basis in the ordinary course of business.

The related party transactions arose among others from rents due and payments to suppliers. As at 31 December 2014 balances due from and to related Companies were as stated in Notes 16 and 18 to the consolidated financial statements respectively. The significants transactions with the related parties are disclosed below:

Transactions with Subsidiaries

- Rent and service charges to Chams Access is N1.6million
- Rent and service charges to CardCentre Nigeria Limited is N890 million

Transactions with Associates

- Working capital loan to Paymaster from Chams Plc is N251 million

Other related parties

- Working capital loan to Chams Consortium from Chams Plc is N41 million

32. **Staff Costs**

Information regarding Directors and Employees
Staff Costs (including directors) Comprise:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Wages and salaries	303,947	422,540	213,216	201,211
Pension contribution	26,177	15,117	19,947	14,062
	330,124	**437,657**	**233,163**	**215,273**
Emoluments of Directors of the company were -				
Fee:				
Chairman	3,110	3,110	1,350	1,350
Other Directors	20,484	20,484	6,600	6,600
	23,594	**23,594**	**7,950**	**7,950**
Fees (excluding pensions contributions) include amounts paid to				
The Chairman	1,460	1,460	1,350	1,350
The highest paid Director	1,460	1,460	1,350	1,350

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2014

	GROUP				COMPANY			
	2014		2013		2014		2013	
	N'000	%	N'000	%	N'000	%	N'000	%
Sales of products and services	4,115,834		3,439,197		3,336,359		3,142,035	
Other income	237,124		22,342		163,338		20,042	
	4,352,958		3,461,539		3,499,697		3,162,077	
Bought in materials and services:-								
- Imported	(3,388,876)		(2,378,019)		-		-	
- Local	-		-		(2,652,336)		(2,007,513)	
Value added /(eroded)	**964,082**	**-**	**1,083,520**	**100**	**847,361**	**100**	**1,154,564**	**100**
Applied as follows:								
To pay employees:								
Employees' wages, salaries and other benefits	330,124	34	437,657	40	233,163	28	215,273	19
To pay Government:								
Income tax	(18,622)	(2)	(81,541)	(8)	(31,201)	(4)	(89,106)	(8)
Capital gains tax	-	-	-	-	-	-	-	-
To pay providers of capital:								
Finance costs	131,572	14	216,472	20	127,380	15	211,942	18
To provide for replacement of assets and growth:								
- Depreciation of property, plant and	232,831	24	322,468	30	63,931	8	93,173	8
- Amortisation of intangible assets	7,750	1			7,750	1		
- Profit and loss account	280,427	29	188,464	17	446,338	53	723,282	63
	964,082	**100**	**1,083,520**	**100**	**847,361**	**100**	**1,154,564**	**100**

Value added represents the additional wealth which the Company and its subsidiaries have been able to create by their own and their employees' efforts. This statement shows the allocation of that wealth among all stakeholders and amount retained for the future creation of more wealth.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED FINANCIAL SUMMARY
31 DECEMBER 2014

	GROUP					COMPANY				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
ASSETS/(LIABILITIES)	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Property, plant and equipment	2,422,180	1,682,203	2,056,248	2,998,652	3,855,407	2,119,959	1,164,419	1,234,336	1,869,315	2,345,090
Intangible assets	104,615	98,703	135,113	160,231	-	90,953	98,703	105,113	115,231	-
Long term investments	100,000	100,000	100,000	126,709	126,709	1,945,985	1,973,605	1,973,605	1,630,204	1,894,907
Investment projects	151,035	151,236	99,738	93,157	103,160	151,035	123,316	71,818	93,157	103,160
Net current assets	3,139,410	2,645,605	2,309,172	658,282	1,092,275	5,289,819	4,832,305	4,294,882	3,149,631	3,038,595
Provision for liabilities and charges	-	-	(210,688)	(25,816)	(25,817)	-	-	(210,688)	(25,816)	(63)
	5,917,240	**4,677,747**	**4,489,583**	**4,011,215**	5,151,734	9,597,751	**8,192,348**	**7,469,066**	**6,831,722**	**7,381,689**
CAPITAL AND RESERVES										
Share capital	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,300	2,348,030	2,348,030
Share premium	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750	5,458,750
Fixed assets revaluation reserve	959,065	-	-	1,222,297	1,878,283	959,065	-	-	1,222,296	1,063,702
Revenue reserve	(2,591,140)	(2,892,657)	(3,613,136)	(5,017,368)	(4,548,443)	831,906	(385,568)	(337,714)	(2,144,531)	(1,488,793)
Capital reserve	145,522	131,094	78,571	(329,252)	(253,090)	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	(52,823)	-
Revaluation reserve	-					-				
Non-controlling interests	(402,987)	(367,470)	217,368	328,758	268,204	-	-	-	-	-
Total equity	5,917,240	**4,677,747**	**4,489,583**	**4,011,215**	5,151,734	9,597,751	**7,421,212**	**7,469,336**	**6,831,722**	**7,381,689**
TURNOVER AND PROFIT										
Turnover	4,115,835	3,439,197	2,835,705	1,777,737	1,484,915	3,336,359	3,142,035	2,604,113	1,309,435	-
Profit/(loss) before taxation and extraordinary item	261,805	106,923	169,627	(1,198,400)	(1,801,323)	415,137	634,176	714,930	(596,618)	-
Taxation	18,622	81,541	(82,088)	(38,582)	(424,710)	31,201	89,106	(77,586)	- 36,054	-
Extraordinary item	-	-	-	-	(409,669)	-	-	-	-	-
Profit/(loss) after taxation and extraordinary item	280,427	188,464	87,539	(1,236,982)	(1,791,898)	**446,338**	**723,282**	**637,344**	**(632,672)**	**-**
Attributable to:										
Owners of the Company	310,739	321,031	138,916	(1,101,562)	(1,609,820)	421,547	723,282	637,344	(632,672)	-
Non controlling interest	(30,312)	(132,567)	(51,377)	(135,420)	(182,078)		-	-	-	-
PER SHARE DATA (Kobo):										
Earnings/(losses) per share Basic(kobo)	7	7	3	(26)	(34)	10	15	14	(13)	(24)
Earnings per share Diluted(kobo)	7	7	3	(26)	(34)	10	15	14	(13)	(24)
Net assets per share	126	100	96	85	110	204	174	737	34	157