

IPODO – IKEJA MICROFINANCE BANK LIMITED

RC: 204 857

FINANCIAL STATEMENTS

FOR

THE YEAR ENDED 31ST DECEMBER 2018

OLATUBOSUN AJUWON & CO

(CHARTERED ACCOUNTANTS)

40, MEIRAN ROAD

IJAIYE OJOKORO

OFF ABEOKUTA EXPRESSWAY

LAGOS

CONTENTS	PAGE
CORPORATE INFORMATION	3
RESULT AT A GLANCE	4
REPORT OF THE DIRECTORS	5
CHAIRMAN'S STATEMENT	11
REPORT OF THE AUDITORS	16
STATEMENT OF ACCOUNTING POLICIES	17
STATEMENT OF FINANCIAL POSITION	19
STATEMENT OF INCOME	20
CASH FLOW STATEMENT	21
NOTES TO ACCOUNTS	22
STATEMENT OF VALUE ADDED	30
FINANCIAL SUMMARY	31

IPODO – IKEJA MICROFINANCE BANK LIMITED

CORPORATE INFORMATION

REGISTRATION NO.	:	RC. 204857
BANKING LICENCE NO.	:	00430
CORPORATE AND POSTAL ADDRESS	:	3, OBAFEMI AWOLOWO WAY IKEJA, LAGOS STATE
DIRECTORS	:	OLUWASEUN A BAKARE (CHAIRMAN) PASTOR AMOS O ADEBAYO MRS. I. F. ANIBIRE MR. OLUWAFEMI A SALAKO MR. OLORUNLEKE D OJO
MANAGING DIRECTOR	:	MR. OLORUNLEKE D OJO
CORRESPONDENT BANKS	:	SKYE BANK PLC IKEJA PLAZA IKEJA, LAGOS STATE WEMA BANK PLC OBA AKRAN WAY IKEJA, LAGOS STATE ACCESS BANK PLC M.A.N HOUSE AWOLOWO WAY, IKEJA, LAGOS STATE GUARANTY TRUST BANK 100 KUDIRAT ABIOLA WAY OREGUN, LAGOS. ECO BANK NIGERIA LTD TOYIN STREET IKEJA, LAGOS FIDELITY BANK 53, KUDIRAT ABIOLA WAY OREGUN, LAGOS
SECRETARY	:	MR. O.F. SUNMOLA M.A (Lancs) FCIS, PACA IKEJA, LAGOS.
AUDITORS	:	MESSRS. OLATUBOSUN AJUWON & CO (CHARTERED ACCOUNTANTS) PLOT 40, MEIRAN ROAD, OFF ABEOKUTA EXPRESSWAY, OJOKORO, LAGOS STATE
SUPERVISORY BODIES	:	CENTRAL BANK OF NIGERIA NIGERIA DEPOSIT INSURANCE CORPORATION

IPODO – IKEJA MICROFINANCE BANK LIMITED
RESULT AT A GLANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2018

	2018	2017
	₦	₦
<u>MAJOR PROFIT AND LOSS ITEMS</u>		
Gross Earnings	50,539,183	52,568,595
Profit (Loss) before Tax	6,538,129	10,555,431
Taxation	2,288,345	(3,377,738)
Profit/(Loss) after Tax	4,249,784	7,177,693

MAJOR BALANCE SHEET ITEMS

Deposits and Current Accounts	53,824,415	40,884,132
Loans and Advances	35,533,272	43,000,395
Total Assets	128,406,038	112,522,286
Share Holders Funds	64,917,709	60,667,924
Issue Share Capital	24,996,000	24,511,351

PER SHARE DATA

Net Assets per Share	2.60k	2.48k
Earning per N1.00 Share	17.00k	29.28k
Number of Employees		
Excluding Directors & Temporary Personnel	32	31

IPODO IKEJA MICROFINANCE BANK LTD
DIRECTORS REPORT FOR THE YEAR ENDED
31ST DECEMBER, 2018

The Board of Directors of Ipodo-Ikeja Microfinance Bank Ltd is pleased to present to members, the Directors' Report for the year ended 31st December, 2018 including Statement of Financial positions, Statement of comprehensive Income, Cash Flow Statement, Statement of Value Added – all for the year ended 31st December, 2018 including a Statement of Significant Accounting Policies and Notes to the Accounts.

OPERATING RESULTS:

The following is the summary of the bank's operating result as at 31st December, 2018

	2018	2017	% Change
Gross Earning	50,539,183	52,568,595	(3.9%)
Profit before Taxation	6,538,129	10,555,431	(38.1%)
Taxation	2,288,345	3,377,738	(32.3%)
Profit After Tax	4,249,784	7,177,693	(40.8%)

The Board is proposing for approval of the shareholders, the declaration of N2.5 Million as Bonus shares out of the profit.

PRINCIPAL ACTIVITIES:

The Principal activities of the bank continued to be the provision of Microfinance Banking and other financial services that are within the permissible activities as contained in Section 2.1 of the Revised Regulatory and Supervisory Guidelines for Micro Finance Banks in Nigeria.

DIRECTORS AND THEIR INTERESTS:

The Directors who served during the year and their interests in the shares of the bank as recorded in the Register of Members for the purpose of Section 275 of the Companies and Allied Matters Act (CAMA) are as follows:

Ordinary Shares of the Bank as at 31st December:

Directors	Designation	2018		2017	
		Amount	%	Amount	%
Alhaji M.A. Adelakun	Chairman	10,032,745	40.1%	9,836,135	40.1%
Mrs. A.A. Akinkuade	Non-Executive Director	3,128,262	12.5%	3,067,008	12.5%
Mrs. I.F. Anibire	Non-Executive Director	1,949,379	7.8%	1,911,241	7.8%
Mrs. O.O Omidiji	Non-Executive Director	1,512,202	6.1%	1,482,720	6.1%
Mr. O.J. Ojo	Managing Director	-	-	-	-
Total		16,619,337	66.5%	16,297,104	66.5%

INTERESTS IN CONTRACTS

All contracts with the bank were conducted and executed at arm's length. No director notified the company of any declarable interest in any contract with the company during the year in accordance with Section 277 of the Companies and Allied Matters Act and Section 11 of the Revised Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria.

APPOINTMENT OF NEW DIRECTORS:

At the 25th Annual General Meeting (AGM), two vacancies were declared on the Board which meant the Board of Directors were short by that figure to meet the minimum number of Directors required of a unit Microfinance Bank. In view of the need to seek additional investors that would enable the bank meet the minimum capital requirement; the shareholders resolved at the meeting that the Board should fill the vacancies as appropriate.

Consequently, the following people were appointed on 14th February, 2018 with effect from 28th February, 2018 to fill the vacancies.

Mr.Oluwaseun A. Bakare

Pastor Amos O. Adebayo

Mr.Oluwafemi A. Salako

The Pioneer Chairman, Alhaji M.A. Adelokun retired from Board activities on 28th February, 2018 and the Board subsequently appointed Mr. Oluwaseun A Bakare as the chairman.

RECORDS OF DIRECTORS ATTENDANCE AT MEETING:

Directors meetings were held quarterly. No director was absent at any of the meetings.

BOARD COMMITTEES:

The Board performed their oversight functions through Three (3) Committees whose terms of reference were clearly spelt out in their Charter.

The three Committees are:

- 1) Audit, Risk Management and Compliance
- 2) Credit and Business Development
- 3) Finance and General Purposes.

To ensure compliance with the best practices in Corporate Governance, each committee is chaired by a Non-Executive Director and the Managing Director was not a member of the Audit, Risk Management and Compliance Committee. The Chairman did not function at Committee levels.

All members attended and participated actively at the meetings.

SHARE CAPITAL AND ANALYSIS OF SHAREHOLDINGS:

Authorized and paid share capital:

The authorized share capital of the bank is twenty Five Million Naira divided into Twenty Five Million ordinary shares of N1.00each. The paid up capital of the bank as at 31st December, 2018 was **Twenty Four Million, Nine Hundred and Ninety Six Thousand Naira (N24,996,000)** only.

At the last Annual General Meeting, in lieu of the CBN Directive for Microfinance Banks to increase their minimum capital requirement, the shareholders approved that the Authorized Share Capital be increased to Two Hundred and Fifty Million Naira (N250Million). The increase in share capital is being processed with the Corporate Affairs Commission (CAC).

ANALYSIS OF SHAREHOLDINGS:

(a) Interest in Ordinary Shares of the bank:

We present below analysis from the Register of Member showing a broad based shareholding pattern.

Particulars	2018		2017	
	Amount	%	Amount	%
Directors	16,622,588	66.5%	16,297,104	66.5%
Companies	1,576,162	6.3%	1,026,188	4.2%
Individual	6,797,250	27.7%	7,188,079	29.3%
Total	24,996,000	100%	24,511,351	100.0%

PATTERN OF SHAREHOLDING

Share Range	2018				2017			
	No of Shareholders	%	No Holdings	%	No of Shareholders	%	No of Holdings	%
1-9,999	433	80.6%	893,034	3.6%	446	82.3%	633,507	2.5%
10,001-50,000	69	12.8%	1,346,691	5.4%	61	11.4%	1,613,408	6.6%
50,001-100,000	12	2.2%	895,822	3.6%	11	2.1%	829,592	3.4%
100,001-500,000	16	3.0%	3,533,726	14.1%	19	3.5%	5,137,740	21%
500,001-1,000,000	3	0.6%	1,857,053	7.4%	-	-	-	-
1,000,001-5,000,000	3	0.6%	6,436,929	25.8%	3	0.5%	6,460,969	26.4%
Over 5,000,000	1	0.2%	10,032,745	40.1%	1	0.2%	9,836,135	40.1%
TOTAL	537	100%	24,996,000	100%	537	100%	24,511,351	

ACQUISITION OF OWN SHARES:

The Shares of the bank are held in accordance with the Articles of Association of the bank. The bank has no beneficial interest in any of the shares.

FIXED ASSETS:

Movements in fixed Assets during the year are shown in Note 5 to the Financial Statements. In the opinion of the Directors, the market value of the fixed assets is not lower than the value of Assets in the financial statement.

STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE PREPARATION AND APPROVED OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2018

The Directors of Ipodo-Ikeja Microfinance Bank Ltd are responsible for the preparation of the financial statements that presents a true and fair view of the operations, cash flows and changes in equity for the year ended 31st December, 2018 as required by the Companies and Allied Matters Act and the Revised Regulatory and Supervisory Guidelines for Microfinance Banks in Nigeria and the Prudential Guidelines.

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

- Proper selecting and applying accounting policies
- Presenting information, including accounting policies in a manner that provides relevant, reliable, comparable and understandable information.
- Providing additional disclosure when compliance with the specific requirements in the Guidelines are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the bank's financial position and financial performance.
- Making an assessment of the bank's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the company.
- Maintaining adequate accounting records that are sufficient to show and explain the bank's transactions and disclose with reasonable accuracy at any time, the financial position of the bank and which enable them to ensure that the financial statement comply with the Prudential Guidelines and the Revised Regulatory and Supervisory Guidelines for Microfinance Banks.
- Maintaining statutory account records in compliance with the legislation of Nigerian and the Supervisory Guidelines and circulars issued by the CBN from time to time.
- Taking such steps as are reasonably available to them to safeguard the assets of the bank and
- Preventing and detecting fraud and other irregularities.

The financial statements for the year ended 31st December, 2017 were approved by the Directors on 8th March, 2018.

STAFF MATTERS:

(a) Employment of Disabled Persons:

The bank continues to operate a non-discriminatory policy on recruitment of the disable persons. Employees who became disabled in the course of their employment are retained and redeployed whenever possible within the context of the policy and appropriate training arranged to ensure that the fit into the bank's working environment.

(b) Health, Safety and Welfare at Work:

The bank recognized the health and safety of its employees, customers and other stakeholders as a top priority and form an integral part of its business activities. The bank is committed to the maintenance of strict health and safety rulers and practice at the work environment so as to avoid accidents due to work situation.

(c) Employee Involvement and Training:

The bank is committed to keeping employees informed regarding performance and progress through regular briefings and meetings. The bank employs informal channels also to communicate with employees with appropriate two way feedback mechanism. Indeed, the bank has a policy of social interaction between Board and Staff in team building. In accordance with the bank's policy of continuous development, employees are exposed to on the job training and are nominated for courses in accredited organizations. All management staff are Certified Microfinance Bankers by virtue of their having successfully completed the Microfinance Certificate Programme (MCP).

GENDER ANALYSIS

(a) Analysis of Total Employee

Gender	2018		2017	
	No	Percentage	No	Percentage
Male	16	50%	15	48.4%
Female	16	50%	16	51.6%
Total	32	100%	31	100%

(b) Analysis of Board and Top Management Staff

Particular	2018						2017					
	Male	%	Female	%	Total	%	Male	%	Female	%	Total	%
Board excluding Managing Director	1	9.1%	3	20.3%	4	29.4%	1	9.1%	3	20.3%	4	29.4%
Managing Director	1	9.1%	-	-	1	9.1%	1	9.1%	-	-	1	9.1%
Other Management Staff	2	18.2%	4	36.3%	6	54.5%	2	18.2%	4	36.3%	6	54.5%
Total	4	36.4%	7	63.6%	11	100%	4	36.4%	7	63.6%	11	100%

COMPLAINT MANAGEMENT POLICY

The bank is dedicated to creating an efficient process for the management of customers and shareholders complaints and enquiries as well as ensuring that all matters relating to Customers and Shareholders are adequately addressed and information are readily made available to the Group of Stakeholders.

There is no unresolved complaint or enquiries from Shareholders or Customers that is outstanding.

Signed

By the Order of the Board

Oladimeji F. Sunmola M.A (Iancs) FCIS, PACA

Company Secretary

IPODO – IKEJA MICROFINANCE BANK LTD

THE CHAIRMAN’S STATEMENT AT THE 26TH ANNUAL GENERAL MEETING

Distinguished Shareholders, Ladies and Gentlemen

It gives me great pleasure to welcome you to the 26th Annual General Meeting of our Bank-Ipodo-Ikeja Micro Finance Bank Limited, at which I would present to you the Annual report and Financial Statements of the company for the financial year ended 31st December 2018.

Before doing so, please permit me to highlight the key events in the environment that underlined the performance of the company in the year under review.

THE NIGERIAN ECONOMY IN 2018

On the macro economic front, the delay in approving the 2018 budget affected implementation and increased fiscal uncertainty by pushing the bulk of the spending to the second half of the year. As a result of increased oil revenue, a value added tax (VAT) on luxury items, and a tax amnesty, the fiscal deficit narrowed in 2018, financed mainly by public debt.

The service sector bolstered growth in the economy. The services sector accounted for about half of the GDP, dwarfing the 10% from Oil and 22% from Agriculture.

Nigeria accounted for nearly 20% of the continental GDP and 75% of the West African economy, despite the domination, its exports to rest of Africa are estimated at 12.7% and only 3.7% of total trade is within the economic community of West African states (ECOWAS).

NIGERIAN BANKING INDUSTRY IN 2018

The Nigerian Banking industry experienced some awakenings in 2018 triggered by major developments which include:

(a) MTN Dividend Repatriation Saga:

The Central Bank of Nigeria bank alleged that MTN Nigeria, aided by four banks (Standard Chartered Bank Limited , Stanbic IBTC Bank Plc, Diamond Bank Plc and Citibank Nigeria Plc) improperly repatriated the sum of US\$8.1bn between 2007 and 2015 using irregular Certificate of Capital Importation (CCI) issued on behalf of offshore investors in MTN Nigeria Communication Ltd. The matter which generated much debate was resolved amicably in December of the same year with MTN agreeing to pay a notional reversal amount of \$52.6m.

This issue placed some systemic stress on the banking environment while it lasted. However, more importantly, it brought to the fore the need for due diligence and compliance with all laws, regulatory and supervisory guidelines that are in place.

I am glad to state that your bank did not flout any of such guidelines during the year, as attested to by the Auditors

(b) Skye Bank became Polaris Bank:

In September, the Central bank of Nigeria (CBN) announced that it has revoked the license of Skye Bank due to the failure of its shareholders to recapitalize the bank. It thereafter transferred all its assets and liabilities to a newly created banking entity licensed by the apex bank called Polaris Bank Ltd. The action, according to the CBN was to protect depositors' funds.

The indication sent to the market from this action was that CBN will go to any length to safeguard depositors' funds and implement stiff penalties for banks where the Shareholders' funds are below the minimum capital requirements. Again, I am pleased to inform that your bank's Capital Adequacy Ratio (CAR) was at no time during the course of the year below the minimum level. We have also taken note of the prescribed minimum capital levels for Microfinance Banks, to be implemented in coming years by the CBN, and have taken proactive measures to comply.

(C) Merger of Diamond Bank Plc and Access Bank Plc:

Though yet to be concluded, the announcement of the merger of Access Bank with Diamond Bank took place in late 2018. This merger, when consummated, will create Nigeria and Africa's largest retail bank by customer base.

The importance of this merger is the emergence of a giant in the Nigerian banking system that "is too big to fail" whose actions and inactions now have a wider impact on the entire financial system.

We, at Ipodo Microfinance Bank Limited, will continue to watch the development and take proactive actions to protect our turf and increase our market presence.

(d) Shared Agent Network Expansion Facilities (SANNEF):

To deepen financial inclusion, the CBN, Deposit Money bank, licensed mobile money operators and super agent announced an ambitious initiative to increase access to a broad range of financial services such as payments, savings, remittances, insurance, pensions, and freight; all at affordable cost.

It is estimated that, through the rollout of a 500,000 shared Agent Network, an additional 50 Million Nigerians that are currently under banked will be brought into the financial system. What this means is that the already saturated Microfinance Banking landscape will be facing increasing competition for its services. It becomes important that a bank like ours, to ensure its continued long term profitability needs to become creative in its service offerings.

(e) Recapitalization of Microfinance Banks:

By a circular dated 22nd October 2018, the CBN in furtherance of its mandate to promote a sound financial system in Nigeria increased the minimum capital requirement for Microfinance Banks as follows:

- (i) Unit Microfinance Bank - Two Hundred Million Naira (N200,000,000)
- (ii) State Microfinance Bank- One Billion Naira (N1,000,000,000)

(iii) National Microfinance Bank- Five Billion Naira (N5,000,000,000)

To meet the requirement, existing microfinance banks ate to explore the possibility of mergers and acquisition and/ or direct injection of funds. The existing microfinance banks are to comply with effect from April 1st,2020.

As I write this statement, the CBN has revised its policy and extended the time for recapitalization, based on feedback received from stakeholders.

REVIEW OF BUSINESS OPERATIONS

Our bank's performance in 2018 shows that there are a couple of opportunities and areas that we need to improve on and I can assure you that your board is actively working to make the performance for future years very impressive.

The Interest income declined by 18% when compared with the 2017 figure (N28.3m in 2018 as against N34.6m in 2017) a direct reflection of our inability to grow our loan portfolio as well as the depressing effect of impaired loans on our interest income. Other income increased by 24% from N17.9m in 2017 to N22.2m in 2018 mainly from successes recorded in marketing our Daily Deposit Account.

Albeit, our Cost of Operations increased by 16% from N29.9m in 2017 to N38.6m in 2018. Our major cost driver was Staff Salaries with a 22% increase, Debt Recovery Cost with a 64% increase and Staff Training & development with a 26% increase. The reduced interest income and increased cost of operations resulted in the decline in Profit After Tax (PAT) by 40.8% from the N7.2m in 2017 to N4.2m in 2018.

The Board's determination to curtail unnecessary growth in Risk Assets exhibited through cautious controls over the bank's Loans and Advances and massive debt recovery efforts led to a 17.4% drop in the value of the loan portfolio from N43m in 2017 to N35.5m in 2018.

I am pleased to inform that, with all the operational challenges; your bank was able to grow its Total Assets by 13.8% from N112.5m in 2017 to N128.4m in 2018.

As we look into 2019, your Board has put in place measures to increase the Interest Income, reduce Cost of Operations and profit of the bank for to the years to come.

DECLARATION OF BONUS ISSUE

Being alert to our responsibilities to our shareholders, the Board wishes to declare bonus issue of shares of N2.5million.

LEADERSHIP AND BOARD CHANGES

During the course of the year, Mrs. A. A Akinkuade resigned from the Board at the expiry of her tenure. On your behalf, we wish to thank her for her invaluable contributions to the company during her tenure. Her exit, coupled with the earlier exit of Mrs. O.O. Omidiji in December 2017 reduced the number of Directors of your bank from the regulatory minimum of five to three.

STRATEGIC CONSIDERATIONS- INCREASE IN SHARE CAPITAL AND APPOINTMENT OF DIRECTORS

In October 2018, the Director, Other Financial Institutions Supervision Department (OFISD) announced the increment in the Shareholders funds of unit microfinance banks from ₦20 million to N200 Million. The Board at the 25th annual general meeting was proactive and proposed two resolutions that would enable the bank comply with the directive as special businesses at the meeting

1. To increase the Authorized share capital of the bank from the present ₦25 million to ₦250 million and
2. That the shareholders should permit the Board to seek for additional investors that would enable the bank meets the expectation of the regulatory authority.

Both resolutions were unanimously carried and the filling of vacancy on the Board was suspended on the merit of the second resolution that the Board should fill the vacancy as appropriate, We are pleased to inform you that we have been able to get new investors who are also members of the Board of Directors now.

Please welcome Mr. O. Bakare, Pastor Amos Adebayo and Mr. Oluwafemi Salako who are the new investors in the bank and members of the Board. They are business men with diversified experiences in the corporate world and banking. With their involvement in the bank, we shall be able to meet the new shareholders fund of ₦200 million specified by the Central Bank of Nigeria for unit Micro Finance Banks.

LOOKING FORWARD

The 2019 financial year is a transitional year in which your bank with new investors and Board in place hope to move the bank to greater height. I firmly believe that the current Board has the right plans in place to deliver sustainable success and a strategy which can adapt to any change in the market and environment.

We hope to improve on our communication system within the bank and the outside world, improve on our transaction processing speed and leverage on technology to deliver world-class, competitive products to our customers. In this light, we have started the process of building a more efficient and profitable bank for the benefit of all our stakeholders and aim at being the best unit Microfinance bank in the country.

The Board and Management wish to reassure all our stakeholders that we are excited by the challenges and opportunities that lie ahead. We are well equipped to meet the challenges and take advantage of the opportunities in the Nigerian economy generally and in the banking business more specifically. Our promise is that we will grow our asset, maintain a healthy balance sheet and allocate resources more efficiently to expand our business and generate decent returns than in the past.

APPRECIATION:

The last year was really a tough period for the bank, and the bottom-line result obscure the real underlying progress that was made. We would like to thank the Board, the Management and Staff for the achievement. Indeed, the sustained performance of the company was ensured by the enormous effort of the Staff and Management who diligently served during the year.

Distinguished Shareholders, on your behalf, I want to express the bank's gratitude to the pioneer Chairman – Alhaji Adetakun, the pioneer Managing Director - Mrs. Akinkuade and of course Mrs. Omidiji (Non-Executive Director) for their meritorious services to the bank over the years

I thank our business associates for their trust, integrity and collaboration, our Customers and Shareholders for their staunch support over the years.

God bless you all.

Thank you for your attention.

Oluwaseun Abimibola Bakare
Chairman

OLATUBOSUN AJUWON & CO
Plot 40, Meiran Road, Abeokuta Express Way, Ojokoro, Lagos-State

AUDITORS' REPORT TO MEMBERS OF IPODO-IKEJA
MICROFINANCE BANK LIMITED

Report on the Financial Statements

We have examined the financial statements of **Ipodo-Ikeja Micro Finance Bank Limited** for the period ended 31st December, 2018 which has been prepared under the historical cost convention and on the basis of the accounting policies chosen by the Bank.

Respective Responsibilities of Directors and Auditors

In accordance with Section 334 of the Companies and Allied Matters Act 1990, the bank's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion on the financial statements based on our audit, and to express our opinion thereon to you.

Basis of Opinion

We conducted our audit in accordance with International Standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of significant estimates and judgments made by the Directors in the preparation and presentation of the financial statements and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary for the purpose of our audit and to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from misstatements whether caused by errors or other irregularities. In forming our opinion, we also evaluated the overall adequacy of the presentation of financial information in the financial statements. The financial statements are in agreement with the books of accounts, which have been properly kept.

Opinion

In our opinion, the bank has kept proper books of accounts. The assets have been properly valued and adequate provisions made for losses and diminution in value of such assets. The financial statements which have been drawn up in conformity with relevant statements of accounting standards issued by the Nigerian Accounting Standard Board, give a true and fair view of the state of affairs of the bank as at 31st December, 2018 and of the profit for the period ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act 1990, Banks and Other Financial Institutions Act 1991 (as amended), Microfinance Bank guidelines and relevant circulars issued by the Central Bank of Nigeria.

OLATUBOSUN AJUWON & CO.
CHARTERED ACCOUNTANTS
MARCH, 2019
Lagos Nigeria
FRC/2015/ICAN/00000011017

IPODO – IKEJA MICROFINANCE BANK LIMITED

STATEMENT OF ACCOUNTING POLICIES

1. **THE BANK**

Ipodo Ikeja microfinance Bank formerly known as Ipodo Community Bank (Nig.) Ltd, was incorporated as a Private Limited Company in September, 1992. The Bank commenced operation on 15th January, 1993.

2. **ACCOUNTING POLICIES**

The following are the significant Accounting Policies adopted by the Bank in the preparation of its financial statements.

(a) **Basis of Accounting:**

The Accounts have been prepared under the historical cost convention.

(b) **Depreciation:**

Depreciation is calculated to write – off the cost of fixed assets on a straight line basis over the expected useful lives of the asset as follows

	RATES
	%
Bank Premises	10
Office Equipment	10
Furniture and Fittings	10
Motor Vehicles	20
Generator Plants	20
Computer Accessories	20

(c) **Stock**

Stock of stationery and GSM has been valued at the lower of cost and net realizable value.

(d) **Loans and Advances:**

Adequate provisions have been made for bad and doubtful debts in line with provisions of the prudential guidelines of the CBN and relevant accounting standards.

(e) **Interests:**

Interest is accrued monthly on all interest bearing liabilities and performing assets. However, interests on non – performing credits are not recognized until the loans

and advances are recovered. All such interest are accrued in an interest in – Suspense account and are added to gross loans and provision on loans and advances.

(f) **Provisions for Losses on Loans and Advances**

Provisions for losses on non – performing loans and advances are made in line with the prudential guidelines issued by the CBN as:

	% Provision
Pass and Watch	5
Substandard	50
Doubtful	50
Lost	100

A general Provision of 1% is made on all performing Loans and Advances.

(g) **Investments:**

All investments are stated at lower of cost and net market value

IPODO – IKEJA MICROFINANCE BANK LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2018

	NOTES	2018 ₦	2017 ₦
<u>ASSETS</u>			
Cash and Short term funds	1	84,328,904	61,275,755
Investments	2	35,000	65,625
Loans and Advances	3	35,533,272	43,000,395
Other Assets	4	3,195,048	4,071,380
Property, Plant and Equip.	5	5,313,814	4,109,131
		<u>128,406,038</u>	<u>112,522,286</u>
<u>FINANCED BY</u>			
<u>LIABILITIES</u>			
Deposits, Demand and Others	6	53,824,415	40,884,132
Other Liabilities	7	7,095,942	3,394,360
Dividend	8	279,627	4,198,132
Taxation Payable	9	2,288,345	3,377,738
		<u>63,488,329</u>	<u>51,854,362</u>
<u>CAPITAL & RESERVES</u>			
Ordinary Share Capital	10	24,996,000	24,511,351
Statutory Reserve	11	23,068,692	22,006,245
Share Premium	12	107,000	107,000
Bonus Issue	13	2,500,000	484,649
Retained Profits/ (Loss)	14	14,246,017	13,558,679
		<u>64,917,709</u>	<u>60,667,924</u>
LIABILITIES & EQUITY		<u>128,406,038</u>	<u>112,522,286</u>

These financial statements were approved by the Board of Directors on March 29th, 2019 and signed on its behalf by:

MR. OLUWASEUN A BAKARE _____

CHAIRMAN

MR. OLORUNLEKE D OJO _____

MANAGING DIRECTOR

Accounting policies on 17 and notes on pages 22 to 29 form part of these financial statements.

IPODO – IKEJA MICROFINANCE BANK LIMITED
STATEMENT OF INCOME FOR THE
YEAR ENDED 31ST DECEMBER, 2018

	NOTES	2018 ₦	2017 ₦
<u>INCOME</u>			
Interest Income	14a	28,344,484	34,638,798
Less: Interest Expenses	14b	(555,870)	(639,495)
Net Interest Income		<u>27,788,614</u>	<u>33,999,303</u>
Other Income	14c	22,194,699	17,929,797
Net Operating Income		<u>49,983,313</u>	<u>51,929,100</u>
<u>LESS: OPERATING EXPENSES</u>			
Diminution in Investment		(13,077)	(4,200)
Depreciation	5	(1,536,317)	(1,301,219)
Overheads	18	(38,567,389)	(29,902,082)
Provisions for Loans and Advances	3fi	(3,328,401)	(3,391,149)
Interest In Suspense	3fii	-	(6,775,019)
Profit/ (Loss) before Taxation		<u>6,538,129</u>	<u>10,555,431</u>
Taxation	9	2,288,345	(3,377,738)
Profit/(Loss) after Taxation		<u>4,249,784</u>	<u>7,177,693</u>
<u>APPROPRIATION</u>			
Statutory Reserve	11	(1,062,446)	(1,794,423)
Bonus Issue	12	(2,500,000)	(484,649)
Proposed Dividend	8	-	(3,918,505)
		<u>687,338</u>	<u>980,116</u>
Retained Profit / (Loss) B/F		<u>13,558,679</u>	<u>12,578,563</u>
Retained Profit/(Loss) Carried Forward	14	<u>14,246,017</u>	<u>13,558,679</u>

Accounting policies on 17 and notes on pages 22 to 29 form part of these financial statements

IPODO – IKEJA MICROFINANCE BANK LIMITED
CASHFLOW STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER, 2018

	2018	2017
	₦	₦
Cash Flow from Operating Activities		
Profit/(Loss) before taxation	6,538,129	10,555,431
Add Non-Cash Item-Depreciation	1,536,317	1,301,219
Add Diminution in investment	13,077	4,200
Adjustment for provision on loan losses	<u>3,328,401</u>	<u>3,391,149</u>
Cash flow before changes in working capital	11,415,924	15,251,999
(Increase)/Decrease in loan & Advances	66,968	(978,336)
(Increase)/Decrease in other assets	876,332	960,194
Increase/(Decrease) in deposits	12,940,283	(12,628,617)
Increase/(Decrease) in other liabilities	<u>3,701,582</u>	<u>799,861</u>
	17,585,165	(11,846,898)
Net cash flow from operating activities	29,001,089	(3,405,101)
Taxation paid	(3,377,738)	(6,192,588)
	<u>(3,377,738)</u>	<u>(6,192,588)</u>
<u>Cash Flow From Financing Activities</u>		
Proceeds from Share Issue and Premium	-	-
Net Cash Flow from Financing Activities	-	-
<u>Cash Flow From Investing Activities</u>		
Purchase of fixed assets	(2,741,000)	(1,578,100)
Proceeds from Sales of Fixed Assets	-	-
Net cash flow from investing activities	<u>(2,741,000)</u>	<u>(1,578,100)</u>
	23,053,149	(4,365,587)
Net Increase/(Decrease) in cash & cash equivalent		
Cash and cash equivalents – 01/01/2018	61,275,755	65,641,342
Cash and cash equivalents – 31st December 2018	<u>84,328,904</u>	<u>61,275,755</u>
Components of cash and cash equivalent		
Cash and Short Term Funds	<u>84,328,904</u>	<u>61,275,755</u>
	<u>84,328,904</u>	<u>61,275,755</u>

Accounting policies on 17 and notes on pages 22 to 29 form part of these financial statements

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER, 2018

	2018	2017
	N	N
1 CASH AND SHORT TERM FUNDS		
Cash in vault and tills	2,161,160	2,246,083
Banks in Nigeria - Access Bank Plc	1,956,889	978,440
- Eco Bank Nig. Ltd	2,456,904	4,528,554
- Fidelity Bank Plc	12,458,131	3,278,391
- Guaranty Trust Bank	52,126	52,126
- Skye Bank Plc	26,338	26,338
- Wema Bank Plc	1,451	1,451
- Access – Fixed	20,000,000	15,000,000
- ECOBANK –Fixed	19,604,879	11,158,399
- Fidelity – Fixed	21,111,026	19,505,973
Federal Government of Nigeria Treasury Bills	4,500,000	4,500,000
	<u>84,328,904</u>	<u>61,275,755</u>
INVESTMENTS		
Investments 3(a)	65,625	69,825
	(17,548)	
	(13,077)	(4,200)
	<u>35,000</u>	<u>65,625</u>

These represent the banks' investments in equity of Eco Banks Transnational INC.(2,500) units at N14.00 as at 31st December,2018

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31ST DECEMBER, 2018

	2018	2017
	N	N
<u>LOANS AND ADVANCES</u>		
<u>Analysis by Classification</u>		
Customers – Loans	69,748,440	72,403,395
Customers – Overdraft	982,110	1,119,000
Staff Loans	3,530,000	1,547,600
Directors Loans	-	1,293,400
	<u>74,260,550</u>	<u>76,363,395</u>
Less: Provision for loan losses (4 dii)	(18,558,401)	(15,230,000)
Interest in Suspense (4fii)	(20,168,877)	(18,133,000)
	<u>35,533,272</u>	<u>43,000,395</u>

Analysis by Security

Otherwise Secured	<u>74,260,550</u>	<u>76,363,395</u>
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Analysis by Maturity

	-	-
0-30 days	7,866,000	8,716,000
31-60 days	14,250,000	18,866,000
61-90 days	23,160,000	20,715,000
91 days or more	28,985,000	28,066,000
	<u>74,261,000</u>	<u>76,363,000</u>

Analysis of Loans and Advances by

Performance

Performing	30,341,772	53,763,955
Substandard & Watch	4,126,389	5,461,206
Substandard	2,090,008	2,323,520
Doubtful	2,052,612	1,720,236
Bad	35,649,769	13,094,478
	<u>74,260,550</u>	<u>76,363,395</u>

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		2018			2017		
		Interest Accrued		Provision	Interest Accrued		Provision
	%	₦	₦	₦	%	₦	₦
Performing	1	30,341,772	-	303,418	1	53,763,955	537,640
Pass & Watch	5	4,014,829	111,560	200,741	5	5,461,206	273,060
Substandard	50	1,863,988	226,020	931,994	20	2,323,520	464,704
Doubtful	50	1,497,673	554,939	748,837	50	1,720,236	860,118
Lost	100	16,373,411	19,276,358	16,373,411	100	13,094,478	13,094,478
Interest In Suspense		20,168,877					
		<u>74,260,550</u>	<u>20,168,877</u>	<u>18,558,401</u>		<u>76,363,395</u>	<u>18,133,000</u>
						<u>18,133,000</u>	<u>15,230,000</u>

		2018	2017
		N	N
(f)	<u>Provision written to Profit & Loss Account</u>		
(i)	<u>Loans and Advances</u>		
	Balance as at 1 st January	15,230,000	11,838,851
	Provision/(Release) for the year	3,328,401	3,391,149
	Balance as at 31 st December	<u>18,558,401</u>	<u>15,230,000</u>
	<u>Movement in Interest in suspense</u>		
(ii)	Balance as at 1 st January	18,133,000	11,357,981
	Suspended /(release) this year	2,035,877	6,775,019
	Balance as at 31 st December	<u>20,168,877</u>	<u>18,133,000</u>
4.	<u>OTHER ASSETS</u>		
	Prepayments 4(a)	552,934	1,462,670
	Stationery stock	1,199,962	952,748
	Cheque for collection	-	204,800
	Micro cheque stock Account	1,189,400	1,293,000
	Savings passbook	69,845	81,585
	Cheque book stock	52,483	52,483
	Computer Maintenance	42,000	-
	Teller stock	88,424	24,094
		<u>3,195,048</u>	<u>4,071,380</u>
4(a)	<u>PREPAYMENTS</u>		
	Rent on office premises	250,618	1,300,423
	Computer Maintenance	25,000	25,000
	Nokia- Phone	28,300	24,900
	Annual Subscription	154,000	-
	SMS alert	95,016	112,347
		<u>552,934</u>	<u>1,462,670</u>

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FIXED ASSETS SCHEDULE

	COMPUTER ACCESSORIES	OFFICE EQUIP.	FURNITURE & FITTING	MOTOR VEHICLE / CYCLE	LEASE HOLD	GENERATOR	TOTAL
COST	N	N	N	N	N	N	N
As at 01/01/2018	2,798,900	1,958,500	4,542,100	956,700	1,753,390	802,700	12,812,290
Additions	187,500	67,000	41,000	1,895,500	-	550,000	2,741,000
Disposal			(111,020)	(956,700)			(1,067,720)
As at 31/12/2018	2,986,400	2,025,500	4,472,080	1,895,500	1,753,390	1,352,700	14,485,570
DEPRECIATION							
As at 01/01/2018	2,678,500	864,885	2,844,890	744,009	816,915	753,960	8,703,159
Charge for the year	61,580	202,550	447,208	379,100	175,339	270,540	1,536,317
Disposal	-	-	(111,020)	(956,700)	-	-	(1,067,720)
As at 31/12/2018	2,740,080	1,067,435	3,181,078	166,409	992,254	1,024,500	9,171,756
N.B.V. 31/12/2018	246,320	958,065	1,291,002	1,729,091	761,136	328,200	5,313,814
N.B.V. 31/12/2017	120,400	1,093,615	1,697,210	212,691	936,475	48,740	4,109,131

6(a)

DEPOSITS AND CURRENT ACCOUNTS

	2018 N	2017 N
Analysis by Product		
Esusu	3,307,110	2,277,310
Demand	25,809,530	17,838,822
Savings and Target	23,929,149	19,528,398
Time and Term Deposits	254,481	668,951
Staff	524,145	570,651
	53,824,415	40,884,132

6(b)

Maturity Profile of Deposit Liabilities

	2018 N	2017 N
1 – 30 days	42,515,000	28,785,000
31 – 60 days	778,415	571,000
61 – 90 days	2,193,000	1,985,000
90 or more days	8,338,000	9,543,000
	53,824,415	40,884,000

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2018	2017
	N	N
<u>7. OTHER LIABILITIES</u>		
Accrued Expenses and Rates	200,000	35,000
Deposit for Shares	6,000	6,000
Others	6,108	27,209
Dividend	383,514	-
Directors, Remuneration	960,000	-
P.A.Y.E.	7	2
Staff Security	289,276	289,276
Provision for end of year	-	141,270
Interest in advanced on Treasury	12,205	76,932
Uncleared effect	-	204,800
Daily contribution in transit	85,965	85,965
Filling Fee	2,812,500	-
Bank draft	425,986	425,986
NSITF & Pension Fund	1,654,431	1,907,070
Business registration Received in Advance	7,300	7,300
Group Collateral	<u>252,650</u>	<u>187,550</u>
	<u>7,095,942</u>	<u>3,394,360</u>

8	<u>DIVIDEND</u>		
	Dividend b/f	4,198,132	279,627
	Proposed Dividend(Paid)	<u>(3,918,505)</u>	<u>3,918,505</u>
		<u>279,627</u>	<u>4,198,132</u>

9 **TAXATION**

B/f		3,377,738		6,192,588
Tax paid		(3,377,738)		(6,192,588)
Charge for the year:				
Company Income	1,961,439		3,166,629	
Education	<u>326,906</u>	<u>2,288,345</u>	<u>211,109</u>	<u>3,377,738</u>
		<u>2,288,345</u>		<u>3,377,738</u>

SHARE CAPITAL

10	Authorized share capital:			
	Ordinary shares of N1.00 each		<u>25,000,000</u>	<u>25,000,000</u>
	Ordinary shares of N1.00 each			
	Issued and fully paid:			
	Balance brought forward	24,511,351		24,511,351
	Bonus Issued	484,649		
		<u>24,996,000</u>		<u>24,511,351</u>

STATUTORY RESERVE

	Balance brought forward	22,006,245		20,211,822
11.	Transfer from profit and loss			1,794,423
		1,062,446		
		<u>23,068,692</u>		<u>22,006,245</u>

SHARE PREMIUM

12	Balance B/F	<u>107,000</u>		<u>107,000</u>
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BONUS ISSUE

		<u>2,500,000</u>		<u>484,649</u>
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13 **RETAINED PROFIT / (LOSS)**

	Balance brought forward	13,558,679		12,578,563
14	Transfer from Profit and Loss	687,338		980,116
		<u>14,246,017</u>		<u>13,558,679</u>

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2018 N	2017 N
14 <u>INCOME</u>		
(a) <u>Interest Income</u>		
Interest on Loans and Advances	28,344,484	34,638,798
	<u>28,344,484</u>	<u>34,638,798</u>
(b) <u>Interest Expenses</u>		
Fixed Deposit	15,357	38,469
Savings	540,513	601,026
	<u>555,870</u>	<u>639,495</u>
(c) <u>OTHER INCOME</u>		
Interest on fixed deposit	4,995,714	-
Current account maintenance	2,844,767	3,859,585
Management fees	2,646,846	2,986,393
Sales of forms	765,367	741,410
Loans and Overdraft monitoring fees	2,639,976	2,986,393
Sales of GSM items	40,439	49,370
Daily Contribution	6,345,830	5,960,990
Interest on Treasury Bills	478,603	-
Account reactivation	24,400	29,050
Sundry Income	280,500	237,493
Commission on GCE form	-	8,750
Cheque book, Teller and Pass Book	400,200	700,863
Income on Asset disposal	44,857	-
Search Fee	687,200	369,500
	<u>22,194,699</u>	<u>17,929,797</u>
15 <u>CONTINGENT LIABILITIES</u>		
There were no contingent liabilities as at Financial Position date		
16 <u>FRAUD AND FORGERIES</u>		
There were no fraud and forgery during the year under review		
17. <u>CONTRAVENTIONS</u>		
There was no contravention of Banking Laws and Guidelines during the period under review.		

IPODO – IKEJA MICROFINANCE BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 ADMINISTRATIVE EXPENSES SCHEDULE	2018	2017
	N	N
Staff salaries and wages, housing & others	15,457,663	12,703,758
Medical & Staff Welfare	391,500	656,875
Commercial Premises Permit	56,190	66,880
Rents	1,249,805	1,106,471
Office & Equipment Maintenance	290,700	166,800
Subscription and donations	171,000	324,200
Electrical Repairs	128,070	134,700
Transport and Travelling	825,700	743,500
Printing and stationery	902,207	705,642
Christmas and end of the year expenses	1,200,000	1,373,104
Director’s Remuneration	1,920,000	950,000
Entertainment & General Office	931,130	712,820
Advertising and Public Relations	501,120	636,620
Insurance and NDIC	342,170	399,309
Staff Training and Development	1,225,000	971,900
Fuels & Oil for Generator	507,300	643,050
Professional fees & others	87,000	50,000
Security	549,000	519,000
Bank Charges	597,839	373,641
Air Condition Repairs	30,000	15,000
Audit Fees	400,000	200,000
Debt Recovery and Commission	1,136,876	691,666
Computer Accessories	121,800	50,000
Gifts and Donation	99,300	118,000
ITF Fund	-	145,700
Commission on daily contribution	3,625,692	3,354,771
Generator Equipment maintenance	72,300	67,700
Computer Maintenance	100,000	100,000
Motor Vehicle	799,450	559,400
Filling Fees	2,866,980	51,720
Electricity	190,000	120,000
Support to IBTC Scheme	1,252,863	966,280
GSM and Internet	150,000	120,000
Telephone & Communication	144,034	103,575
Christmas Bonus	127,200	-
AGM Expenses	117,500	-
	<u>38,567,389</u>	<u>29,902,082</u>

IPODO – IKEJA MICROFINANCE BANK NIGERIA LIMITED
STATEMENT OF VALUE ADDED FOR THE
YEAR ENDED 31ST DECEMBER, 2018

<u>INCOME</u>	2018	%	2017	%
	N		N	
Interest income	28,344,484		34,638,798	
Other income	22,194,699		17,929,797	
Interest paid	(555,870)		(639,495)	
	<u>49,983,313</u>		<u>51,929,100</u>	
Administrative overhead and payments for Services	(20,622,803)		(19,574,389)	
Provisions for Loans and advances	(3,328,401)		(3,391,149)	
	<u>26,032,109</u>	<u>100</u>	<u>28,963,562</u>	<u>100</u>
 <u>APPLIED AS FOLLOWS</u>				
Payment to Employees Salaries				
Wages, Bonus and other benefits	15,457,663	59	12,703,758	44
 <u>TO PAY PROVIDER OF CAPITAL</u>				
Bonus Issue	2,500,000	10	484,649	2
Dividend	-	-	3,918,505	14
 <u>TO PAY GOVERNMENT</u>				
Taxation	2,288,345	9	3,377,738	12
 <u>TO EXPAND BUSINESS</u>				
Depreciation	1,536,317	6	1,301,219	4
General reserve	4,249,784	16	7,177,693	24
	<u>26,032,109</u>	<u>100</u>	<u>28,963,562</u>	<u>100</u>

Value added is the wealth created by the efforts of the bank and its employees and its allocation between the employees, shareholders, government and re-investment for future creation of wealth.

IPODO – IKEJA MICROFINANCE BANK NIGERIA LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2018
FIVE YEARS FINANCIAL SUMMARY

<u>DECEMBER 31ST</u>	2018	2017	2016	2015	2014
<u>ASSETS EMPLOYED</u>	N	N	N	N	N
Cash and short term funds	84,328,904	61,275,755	65,641,342	46,467,317	27,005,545
Treasury bill	-	-	-	5,000,000	5,000,000
Investments	35,000	65,625	69,825	69,825	4,101,152
Loans and Advances	35,533,272	43,000,395	45,413,208	24,723,100	26,048,966
Other Assets	3,195,048	4,071,380	5,031,574	5,720,905	6,500,097
Fixed Assets	5,313,814	4,109,131	3,832,250	5,307,899	5,168,066
	<u>128,406,038</u>	<u>112,522,286</u>	<u>119,988,199</u>	<u>87,289,046</u>	<u>73,823,826</u>
<u>FUNDS EMPLOYED</u>					
Share capital	24,996,000	24,511,351	24,511,351	24,511,351	24,511,351
Share premium	107,000	107,000	107,000	107,000	107,000
Statutory Reserve	23,068,692	22,006,245	20,211,822	13,632,197	10,283,099
Bonus Issued	2,500,000	484,649	-	-	-
Deposits, Demand and Other	53,824,415	40,884,132	53,512,749	37,414,782	33,068,697
Other liabilities	7,095,942	3,394,360	2,594,499	2,193,058	2,924,210
Dividend	279,627	4,198,132	279,627	279,627	279,627
Taxation	2,288,345	3,377,738	6,192,588	3,152,092	-
Profit and (Loss) Account	14,246,017	13,558,679	12,578,563	5,998,939	2,649,842
	<u>128,406,038</u>	<u>112,522,286</u>	<u>119,988,199</u>	<u>87,289,046</u>	<u>73,823,826</u>
<u>GROSS EARNINGS</u>	<u>50,539,183</u>	<u>52,568,595</u>	<u>48,413,226</u>	<u>33,855,603</u>	<u>39,723,092</u>
Net Operating Income	49,983,313	51,929,100	47,834,937	33,234,726	39,081,683
Overheads	(43,445,184)	(41,373,669)	(28,483,100)	(23,384,438)	(40,539,569)
Net Profit/(Loss) before tax	6,538,129	10,555,431	19,351,837	9,850,288	(1,457,886)
Taxation	(2,288,345)	(3,377,738)	(6,192,588)	(3,152,092)	-
Net profit/(Loss) after tax	<u>4,249,784</u>	<u>7,177,693</u>	<u>13,159,249</u>	<u>6,698,196</u>	<u>(1,457,886)</u>

IPODO – IKEJA MICROFINANCE BANK NIGERIA LIMITED
ABRIDGED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2018
3, OBAFEMI AWOLowo WAY, IKEJA, LAGOS STATE

RC: 204857

FINANCIAL POSITION AS AT 31ST DECEMBER, 2018

ASSETS

	2018	2017
	N	N
Cash and short-Term Funds	84,328,904	61,275,755
Investments	35,000	65,625
Loans and Advances	35,533,272	43,000,395
Other Assets	3,195,048	4,071,380
Property, Plant and Equipment	5,313,814	4,109,131
	<u>128,406,038</u>	<u>112,522,286</u>

FINANCED BY LIABILITIES

Deposit, demand and others	53,824,415	40,884,132
Other Liabilities	7,095,942	3,394,360
Dividend	279,627	4,198,132
Taxation	2,288,345	3,377,738
	<u>63,488,329</u>	<u>51,854,362</u>

CAPITAL AND RESERVES

Ordinary share capital	24,996,000	24,511,351
Statutory reserve	23,068,692	22,006,245
Share Premium	107,000	107,000
Bonus	2,500,000	484,649
Proposed Dividend	-	3,918,505
Profit and (Loss)	14,246,017	13,558,679
SHARE HOLDER'S FUNDS	<u>64,917,709</u>	<u>60,667,924</u>

Total Liabilities and Equity

128,406,038 **112,522,286**

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2018

	2018	2017
	N	N
Gross Earnings	<u>50,539,183</u>	<u>52,568,595</u>
Profit and (Loss) before Taxation	6,538,129	10,555,431
Taxation	(2,288,345)	(3,377,738)
Profit and/(Loss) after Taxation	<u>4,249,784</u>	<u>7,177,693</u>

APPROPRIATION

Statutory reserve	(1,062,446)	(1,794,423)
Bonus	(2,500,000)	(484,649)
Proposed Dividend	-	(3,918,505)
	687,338	980,116
Retained profit (loss) b/f	13,558,679	12,578,563
Retained profit/(loss) carried forward	<u>14,246,017</u>	<u>13,558,679</u>

Net asset per share	N2.60K	N2.48K
Earnings per share	17.00k	N29.28K

These financial Statements were approved by the Board of Directors on March 29th 2019 and signed on its behalf by:

MR. OLUWASEUN A BAKARE CHAIRMAN

MR. OLORUNLEKE D OJO MANAGING DIRECTOR

OLATUBOSUN AJUWON & CO
Plot 40, Meiran Road, Abeokuta Express Way
Ojokoro, Lagos-State

AUDITORS' REPORT TO MEMBERS OF
IPODO-IKEJA MICROFINANCE BANK PLC

Report on the Financial Statements

We have examined the financial statements of **Ipodo-Ikeja Microfinance Bank Ltd** for the year ended 31st December, 2018 which have been prepared under the historical cost convention and on the basis of the accounting policies chosen by the Bank.

Respective Responsibilities of Directors and Auditors

In accordance with Section 334 of the Companies and Allied Matters Act 1990, the bank's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion on the financial statements based on our audit, and to express our opinion thereon to you.

Basis of Opinion

We conducted our audit in accordance with International Standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosure in the financial statements. It also includes an assessment of significant estimates and judgments made by the Directors in the preparation and presentation of the financial statements and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and disclosed.

We planned and performed our audit so as to obtain all the information and explanations that we considered necessary for the purpose of our audit and to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from misstatements whether caused by errors or other irregularities. In forming our opinion, we also evaluated the overall adequacy of the presentation of financial information in the financial statements. The financial statements are in agreement with the books of accounts, which have been properly kept.

Opinion

In our opinion, the bank has kept proper books of accounts. The assets has been properly valued and adequate provisions made for losses and diminution in value of such assets. No contravention of Banking laws and CBN circulars came to our knowledge. The financial statements which have been drawn up in conformity with relevant statements of accounting standards issued by the Nigerian Accounting Standard Board, give a true and fair view of the state of affairs of the bank as at 31st December 2018 and of the profit and cash flow for the year ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act 1990, Banks and Other Financial Institutions Act 1991 (as amended), Microfinance Bank guidelines and relevant circulars issued by the Central Bank of Nigeria.

OLATUBOSUN AJUWON & CO
CHARTERED ACCOUNTANTS
March, 2019
Lagos Nigeria
FRC/2015/ICAN/00000011017

