

Annual
REPORT &
ACCOUNTS
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RC 201018

Central Securities
Clearing System Ltd.

...The Clearing House of The Nigerian Stock Exchange

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...The Clearing House of The Nigerian Stock Exchange

MISSION STATEMENT

“To operate a world class
Central Securities Depository (CSD),
Digital Data Storage and Retrieval System
and related services in a most reliable,
efficient, secured and
confidential manner”



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 17th Annual General Meeting of the **CENTRAL SECURITIES CLEARING SYSTEM LIMITED** will be held at the Sofitel the Moorhouse, No. 1 Bankole Oki, 2nd Avenue, Ikoyi, Lagos on Friday July 29, 2011 at 1.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the financial statements of the Company for the year ended December 31, 2010 and the Reports of the Directors and the Auditors thereon;
2. To declare dividends;
3. To elect Directors in place of those retiring;
4. To authorize the Directors to fix the remuneration of the Auditors.

NOTE:**PROXY**

A shareholder or member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of himself. No person shall be appointed a Proxy who is not already a member of the company or the accredited representative of a member and qualified to vote, save that a corporation being a member of the company may appoint as its Proxy one of its directors or other authorized representative who is not a director of the company. Instruments of Proxy shall be deposited at the office of the company at least 48 hours before the time of holding the meeting duly stamped. Form of Proxy is contained in this Report.

DATED THIS 21st of June, 2011

BY ORDER OF THE BOARD



A handwritten signature in dark ink, appearing to read 'Charles I. Ojo', written over a large, faint watermark of the letters 'CS'.

CHARLES I. OJO
Acting Company Secretary

DIRECTORS, PROFESSIONAL ADVISERS, ETC.**DIRECTORS:**

Mr. Emmanuel Ikazoboh	-	Chairman
Mr. Peter A. Egunbiyi	-	Ag. Managing Director/CEO
Mrs. Lola Oyebadejo	-	Member
Mr. Herbert Wigwe	-	Member
Alhaji Umaru Kwairanga	-	Member
Mr. Emmanuel Nnorom	-	Member
Mr. Chidi Agbapu	-	Member

ACTING SECRETARY:

Charles I. Ojo

REGISTERED:

Stock Exchange House (1st Floor)

OFFICE:

2/4 Customs Street, Lagos.

AUDITORS:

Akintola Williams Deloitte
(Chartered Accountants)

BANKERS:

First Bank of Nigeria Plc.

Guaranty Trust Bank Plc.

Zenith Bank Plc.

United Bank for Africa Plc.





EMMANUEL IKAZOBOH
Chairman

RESULT AT A GLANCE

	2010 N'000	2009 N'000
MAJOR PROFIT AND ACCOUNT ITEMS		
Turnover	3,898,510	4,247,484
Profit before Taxation	1,648,640	1,667,370
Taxation	583,596	508,271
MAJOR BALANCE SHEET ITEMS		
Fixed Assets	731,044	914,053
Share Capital	5,000,000	5,000,000
Shareholders' Fund	11,744,809	11,179,765
Total Assets	13,319,054	12,598,789
Per =N=1 Share Date		
Earnings	21k	23k
Nets Assets	235k	224k
Number of employees	111	113



**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

The Directors have the pleasure of submitting their Annual Report for the year ended December 31, 2010.

1. Results

The profit for the year after Tax was **N1, 065,044,000.00 (One Billion Sixty Five Million Forty Four Thousand Naira)**.

2. Dividends

The Directors recommended the distribution of the total sum of **N750,000,000.00 (Seven Hundred and Fifty Million Naira)** as dividends at 15k per share subject to the approval of Shareholders.

3. Directors

- 3.1 The Directors of the Company who served during the year are listed on page 3.
- 3.2 Mr. Emmanuel Ikazoboh retires at this Annual General meeting and will not be seeking re-election.
- 3.3 Mr. Oscar Onyema is at this meeting being presented to the Shareholders for ratification of his appointment as a Director.

4. Auditors

The Auditor, Messrs Akintola Williams Deloitte is willing to continue in office and a resolution will be proposed to authorize the Directors to determine their remuneration.

5. Disclosure of Information to the Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, within the scope of their knowledge, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

6. Fixed Assets

The details of the Company's fixed assets are captured on page The Directors confirm that the actual market value of these assets is consistent with the value shown in the financial statements.

7. Post Balance Sheet Events

There is no significant post balance sheet event which could have an impact on the state of affairs of the Company as at December 31, 2010 which has not been sufficiently provided for or disclosed in the financial statement.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER, 2010**

8. Employment and Employees

The Company prides itself with competent members of staff numbering 111 individuals spread across its offices in Lagos and Abuja. It further ensures that details in regard to the welfare and knowledge development of these staff are given top priority. To this end, we have highlighted hereunder a few notable events in this regard for your consideration:

a. Training and Development

The Company has over the years and particularly in the year under review, ensured that its Staffs participate in trainings tailored to enhance their performance on the job. To this end, the Company has routinely engaged in the practice of identifying local and foreign trainings and at all instances endeavoured that a best fit approach is implored in determining which training(s) is/are relevant to its Staff. In addition to the foregoing, the Company is known to engage the services of facilitators and rating agencies such as Thomas Murray; renowned Central Securities Depositories Rating Agency to conduct periodic appraisal on its operations model.

b. Inter-office Communications

The Company places a lot of emphasis on the need for established and unfettered communication lines between Management and Staff. To this, fora are frequently scheduled to afford an opportunity of interface for both Parties.

BY ORDER OF THE BOARD



CHARLES I. OJO
Acting Company Secretary

Lagos, Nigeria

June 21, 2011



REPORT OF THE AUDITORS

To the members of central securities clearing system limited

Report on the Financial Statements

We have audited the accompanying financial statements of *Central Securities Clearing System Limited* set out on pages 2 to 17 which comprise the balance sheet as at 31 December 2010, the income statement, the statement of cash flows, statement of value added for the period then ended, summary of significant accounting policies, financial summary and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

REPORT OF THE AUDITORS**To the members of central securities clearing system limited**

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of **Central Securities Clearing System Limited** as a 31 December 2010, and of its financial performance and its cash flows for the year ended; the company has kept proper books of accounts, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and, in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

**Chartered Accountants**

Lagos, Nigeria

18 May 2011

Member of
Deloitte Touche Tohmatsu

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

The following are the statement of significant accounting policies adopted by the company in the preparation of its financial statements.

1. Basic of Accounting

The financial statements are prepared under the historical cost convention.

2. Turnover

Turnover comprises the value of fees payable for services rendered and interest income.

3. Investments

Investments in unlisted equities are held as long term and stated at cost. Provisions are made for permanent diminution in value.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

5. Depreciation

Depreciation of fixed assets is calculated to write off the cost over the expected useful life of the asset concerned on a straight line basis at the following annual rates: %

Leasehold building	-	in equal installments over the period of the lease
Motor vehicles	-	25
Furniture, fixtures and fittings	-	12.5
Office equipment	-	20
Computer equipment	-	25

6. Income reconciliation

i. Depository fees

Depository fees represent the annual fees charged on quoted companies on The Nigerian Stock Exchange at a rate of 0.0125% of market capitalization and is accounted for on an accrual basis.

ii. Eligibility fees

Eligibility fee of N25,000.00 is charged on stock broking firms and is accounted for on an accrual basis.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

iii. **Transaction fees**

Transaction fees are based on value of shares traded on The Nigerian Stock Exchange charged on the investors at 0.35% of sales, this was reduced to 0.30% in October of 2008 and is accounted for on an accrual basis.

iv. **Participation fees**

Participation fee of N250,000 is charged annually on settlement banks appointed by NSE/CSCS.

v. **Interest Income**

Interest income is accounted for on accrual basis.

7. **Debtors**

Debtors are stated after making provision for balances considered bad or doubtful of recovery.

8. **Exchange rates**

Transactions in foreign currencies are translated into Naira at the rates of exchange ruling at the dates of the transactions. Foreign currency balances are converted to Naira at the rates of exchange ruling at the balances sheet date. Differences arising therefrom are taken to the profit and loss account.

9. **Taxation**

Provision for taxation is made by the liability method and calculated at the current rate of taxation on the differences between the net book value of fixed assets qualifying for capital allowances and their corresponding tax written down value.

10. **Retirement benefits**

1. **Gratuities**

Liabilities in respect of employees' terminal benefits are based on the employees' years of service and their annual emoluments. These schemes include staff gratuity scheme and group life insurance scheme. The gratuity and group life insurance are fully funded by the company and annual contributions charged to profit and loss account.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 DECEMBER 2010**

2. Pension scheme

Employer contributes 20% while the employees contribute 5% of basic salary and allowances to the pension scheme respectively to make a total contribution of 25% in line with the Pension Reform Act 2004. The Company's contribution to the pension scheme each year is charged to the profit and loss account.

11. Provision

Provision is recognized when the company has a present obligation whether legal or constructive as a result of a past event for which it is probable that an inflow of resources embodying economic benefits will be required to settle the obligation in accordance with the statement of accounting standards (SAS 23).

12. Dividend

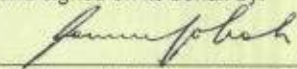

Dividend distribution to the company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the shareholders.

CSCS

BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010 N'000	2009 N'000
ASSETS			
Fixed assets	2	731,044	914,053
Long term investments	3	200,000	200,000
Debtors and prepayments	4	1,457,312	1,873,843
Deferred tax asset	5	84,356	-
Bank balances and deposits	6	10,846,342	9,610,893
TOTAL ASSETS		13,319,054	12,598,789
LIABILITIES			
Creditors	7	571,272	316,985
Taxation	8	667,952	767,018
Staff gratuity and pensions	20	335,021	335,021
		1,574,245	1,419,024
CAPITAL AND RESERVES			
Share capital	10	5,000,000	5,000,000
General reserve	11	6,744,809	6,179,765
SHAREHOLDERS' FUNDS		11,744,809	11,179,765
		13,319,054	12,598,789

The financial statements on pages 10 to 28 were approved by the Board of Directors on 18 May 2011, and signed on its behalf by:


 (Chairman) Emmanuel Ikazoboh }

 (Director) Herbert Wigwe } **Directors**

The accounting policies on pages 10 and 12 and notes on pages 13 to 26 form part of these financial statements.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 N'000	2009 N'000
INCOME			
Turnover	12	3,898,510	4,247,484
Other operating income	13	357,821	317,101
		<u>4,256,331</u>	<u>4,564,585</u>
CHARGES			
Administrative expenses		(2,598,450)	(2,880,300)
Bank charges		(9,241)	(16,915)
		<u>1,648,640</u>	<u>1,667,370</u>
Profit before taxation	14	1,648,640	1,667,370
Taxation	8	(583,596)	(508,271)
		<u>1,065,044</u>	<u>1,159,099</u>
Profit after taxation transferred to general reserve	11		
Earnings per share (kobo) - Basic	15	<u>21</u>	<u>23</u>

The accounting policies on pages 10 to 12 and notes on pages 13 to 26 form part of these accounts.



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 N'000	2009 N'000
Cash flows from operating activities			
Gross income		4,256,331	4,564,585
Payments to suppliers and employees		(2,145,408)	(2,251,464)
		2,110,923	2,313,121
Changes in operating assets and liabilities			
Decrease/(increase) in debtors and prepayments		274,278	(570,096)
Increase/(decrease) in creditors		254,287	(1,315,559)
Decrease in staff gratuity and pensions		-	(492,094)
		2,639,488	(64,628)
Tax paid	8	(767,018)	(2,187,056)
Net cash provided by/(used in) operating activities	16	1,872,470	(2,251,684)
Cash flows from investing activities			
Purchase of fixed assets	2	(130,630)	(182,211)
Proceeds on disposal of fixed assets		2,850	
Purchase of investment	3	-	(200,000)
Net cash used by investing activities		(127,780)	(382,211)
Cash flows from financing activities			
Dividend paid	11	(500,000)	(750,000)
Interest paid		(9,241)	(16,915)
Net cash used by financing activities		(509,241)	(766,915)
Net increase/(decrease) in cash and cash equivalents		1,235,449	(3,400,810)
Cash and cash equivalents at 1 January		9,610,893	13,011,703
Cash and cash equivalents at 31 December	17	10,846,342	9,610,893

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. The Company

1.1 Legal form

The Company was incorporated in Nigeria as a private limited liability company on 29 July 1992 and commenced operations on 14 April 1997.

1.2 Principal activities

The principal activities of the Company are to function as central depositories for all share certificates of quoted securities including government stocks; clearing and settlement of stocks traded on the floors of the Nigerian Stock Exchange; to provide custodian services for share certificates of local and foreign investors and act as sub-registry for all quoted securities in conjunction with registrars of quoted companies.

2. Fixed assets

	Land and buildings N'000	Motor vehicles N'000	Furniture & fittings N'000	Office equipment N'000	Computer equipment N'000	Total N'000
Cost						
At 1 January	237,588	219,695	89,637	131,536	2,505,631	3,184,087
Additions	-	3,850	782	3,588	122,410	130,630
Disposals	-	(42,395)	-	(2,180)	(562)	(45,137)
At 31 December	237,588	181,150	90,419	132,944	2,627,479	3,269,580
Depreciation						
At 1 January	25,035	145,154	25,522	83,819	1,990,504	2,270,034
Charge for the year	4,752	32,555	10,945	17,464	246,934	312,650
Disposals	-	(42,395)	-	(1,308)	(445)	(44,148)
At 31 December	29,787	135,314	36,467	99,975	2,236,993	2,538,536
Net book value						
At 31 December 2010	207,801	45,837	53,953	32,968	390,486	731,044
At 31 December 2009	212,553	74,541	64,115	47,717	515,127	914,053

3. Long term investments

This represents 20% unlisted equity holdings in Exchange Data Systems Limited. The company was launched on 15 March, 2010 and is yet to fully commence operations.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
4. Debtors and prepayments		
Trade debtors	739,889	673,726
Staff debtors	47,901	86,208
Due from Nigerian Stock Exchange (Note 4.1)	979,443	1,262,412
Western Textile Mills Plc funds - Intercontinental Bank Placement (Note 7.1)	6,700	8,782
Other debtors	66,175	83,258
	<u>1,840,108</u>	<u>2,114,386</u>
Provision for doubtful accounts (Note 4.2)	<u>(382,796)</u>	<u>(240,543)</u>
	<u>1,457,312</u>	<u>1,873,843</u>

4.1 This represents various eligibility fees received from quoted companies on behalf of Central Securities Clearing System Limited during the year.

	2010 N'000	2009 N'000
4.2 Provision for doubtful accounts		
At 1 January	240,543	203,469
Written off in the year	-	-
	<u>240,543</u>	<u>203,469</u>
Additional provision (Note 4.2.1)	206,207	90,775
Provision no longer required	<u>(63,954)</u>	<u>(53,701)</u>
	142,253	37,074
Per profit and loss account	142,253	37,074
At 31 December	<u>382,796</u>	<u>240,543</u>

4.2.1 Included in the additional provision made during the year are N163.51 million of transaction and eligibility fees, N38.95 million of domiciliary fees, and N3.75 million of settlement bank participation fees.

	2010 N'000	2009 N'000
5. Deferred taxation - Asset		
Arising during the year	<u>84,356</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
6. Bank balances and deposits		
Current accounts	1,164,212	182,948
Short-term deposits	9,682,130	9,427,945
	10,846,342	9,610,893
7. Creditors (Due within one year)		
Information technology levy (Note 7.3)	16,487	16,674
Sundry creditors and accruals	257,660	187,484
Staff productivity bonus	290,425	100,000
Interest received in advance	-	4,045
Western Textile Mills Plc - Fixed Deposit (Note 7.1)	6,700	8,782
	571,272	316,985
7.1 Western Textile Mills Plc - Due to shareholders	4,818	4,818
Western Textile Mills Plc - Accumulated interest on due to shareholders	1,882	3,964
	6,700	8,782

7.2 Western Textile Mills Plc - shareholders' funds

At the extra ordinary general meeting of Western Textile Mills Plc held on 10 February 2002, it was resolved that the amount due to the company's shareholders be placed in a fixed deposit account under the custody of the Central Securities Clearing System Limited. The interest earned on the principal is to be used to publish the names of outstanding claimants in daily Newspapers and to settle the bank's operating charges.

No amount was paid to shareholders from the bank account on behalf of Western Textile Mills Plc during the year (2009 - Nil).

7.3 Information technology levy

This represents 1% of Profit before tax in accordance with the provision of section 12(2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007.

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
8. Taxation		
Income tax	621,431	723,828
Education tax	46,521	49,984
Deferred taxation (Note 5)	(84,356)	(265,541)
Per profit and loss account	583,596	508,271
At 1 January	767,018	2,180,262
Payment during the year	(767,018)	(2,187,056)
Deferred taxation (Note 5)	84,356	265,541
Per balance sheet	667,952	767,018

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004. Education tax is based on the provisions of the Education Tax Act, CAPE4 LFN 2004.

9. Dividend

In respect of the current year, the Directors propose that a dividend of 15k per ordinary share will be paid to the shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividend to shareholders is now accounted for on the date of declaration as they do not meet the criteria of present obligation. The proposed dividend is subject to a withholding tax at the appropriate tax rate and is payable to all shareholders whose names appear on the Register of Members as at 31 December 2010. The total estimated dividend to be paid is N750,000,000.



**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
10. Share capital		
<i>Authorised:</i>		
5,000,000,000 ordinary shares of N1 each	<u>5,000,000</u>	<u>5,000,000</u>
<i>Issued and fully paid:</i>		
At 31 December	<u>5,000,000</u>	<u>5,000,000</u>
11. General reserve		
At 1 January	6,179,765	5,775,838
Payment of dividend (Note 11.1)	(500,000)	(750,000)
Prior year adjustment (Note 11.2)	-	(5,172)
Transfer from profit and loss account	1,065,044	1,159,099
At 31 December	<u>6,744,809</u>	<u>6,179,765</u>

11.1 In accordance with SAS 23, proposed dividend no longer qualifies for recognition in the financial statements as they do not constitute present obligations of the Company since they are usually proposed and declared after the balance sheet date. Therefore, proposed dividend for 2010 have been shown in note 9 to the financial statements and the paid dividend with the corresponding liability has been transferred to general reserve.

11.2 This represents adjustment for unearned interest income and under-depreciation of fixed assets in prior year.

	2010 N'000	2009 N'000
12. Turnover		
Eligibility fees	6,375	6,400
Domiciliary fees	911,243	1,030,252
Transaction fees	2,451,773	2,057,201
Interest income	529,119	1,153,631
	<u>3,898,510</u>	<u>4,247,484</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
13. Other operating income		
Data center subscriptions	49,322	58,902
Trade alert fee	91,000	84,000
Other fees	217,499	174,199
	<u>357,821</u>	<u>317,101</u>
14. Profit before taxation		
This is stated after charging:		
Depreciation	312,650	596,934
Directors' remuneration (note 18)	60,500	60,800
Auditors' remuneration	7,000	7,000
	<u>380,150</u>	<u>664,734</u>
15. Earnings per share	2010	2009
Basic earnings per share (EPS) is calculated by dividing profit after taxation by the number of ordinary shares in issue during the year.		
Profit after taxation ('000)	1,065,044	1,159,099
Number of ordinary shares in issue as at year end ('000)	5,000,000	5,000,000
Basic earnings per share (kobo)	21	23
16. Reconciliation of profit after tax to cash flow from operating activities	N '000	N'000
Profit after tax	1,065,044	1,159,099
Adjustment for non cash items:		
Depreciation	312,650	596,934
Provision for deferred taxation	(84,356)	(265,541)
Provisions for doubtful debts	142,253	37,074
Gain on disposal of fixed assets	(1,861)	-
Prior year adjustment	-	(5,172)
Bank interest	9,241	16,915
	<u>1,442,971</u>	<u>1,539,309</u>
Changes in assets and liabilities		
Decrease/(Increase) in debtors	274,278	(570,096)
Decrease in creditors	254,287	(1,315,559)
Decrease in tax payable	(99,066)	(1,413,244)
Decrease in staff gratuity and pensions	-	(492,094)
	<u>429,500</u>	<u>(2,881,093)</u>
Net cash provided by/(used in) operating activities	<u>1,872,470</u>	<u>(2,251,684)</u>

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
17. Cash and cash equivalents		
Current accounts	1,164,212	182,948
Short term deposits	9,682,130	9,427,945
	10,846,342	9,610,893
18. Chairman's and Directors' emoluments		
18.1 Fees:		
Chairman	200	200
Other Directors	750	1,050
	950	1,250
Emoluments as executive	59,550	59,550
	60,500	60,800

18.2 The number of Directors excluding the chairman whose emoluments fell within the following ranges were:

N	-	N	Number	Number
100,001	-	150,000	5	7
150,001	-	50,000,000	-	-
50,000,001	-	60,000,000	1	1



**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

19. Employees

19.1 Number of employees in receipt of emoluments,
(Excluding allowances and pensions) within the following ranges were:

		2010 Number	2009 Number
N	N		
70,001	- 80,000	-	-
80,001	- 90,000	4	4
90,001	- 100,000	1	1
100,001	- 110,000	9	9
110,001	- 120,000	-	-
120,001	- 130,000	-	-
130,001	- 140,000	-	-
140,001	- 150,000	-	-
150,001	- 190,000	11	11
190,001	- 200,000	7	7
200,001	- 220,000	8	8
220,001	- 230,000	1	2
230,001	- 250,000	-	-
250,001	- 370,000	5	5
370,001	- 420,000	20	20
420,001	- 430,000	0	0
430,001	- 580,000	13	14
580,001	- 700,000	-	-
700,001	- 750,000	13	13
840,001	- 850,000	2	2
1,000,001	- 1,100,000	1	1
1,000,001	- 1,150,000	5	5
1,200,001	- 1,400,000	3	3
1,500,000	- 1,550,000	1	1
1,550,000	- 1,650,000	1	1
1,650,000	- 2,050,000	1	1
2,050,001	- 2,700,000	4	4
2,700,001	- 3,100,000	1	1

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

19.2 Average number of persons employed in the financial year and the staff costs were as follows:

- Managerial	5	6
- Senior staff	65	66
- Junior staff	41	41
	<u>111</u>	<u>113</u>

19.3 Staff cost

	N'000	N'000
Salaries ,wages and allowances	1,044,232	942,241
Gratuity and pension costs	376,069	353,796
	<u>1,420,301</u>	<u>1,296,037</u>

SCS

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

	2010 N'000	2009 N'000
20. Staff gratuity and pensions		
20.1 Per profit and loss account		
Provision for staff gratuity	366,614	327,137
Provision for pension scheme	9,455	26,659
	376,069	353,796
20.2 Per balance sheet		
At 1 January	335,021	827,115
Charge for the year	376,069	353,796
Payment to pension fund administrators	(376,069)	(845,890)
	335,021	335,021

21. Guarantees and other financial commitments

21.1 Contingent liabilities

There are pending litigations against the Company some of which the Company is only a nominal party. Contingent liability as at 31 December 2010 stood at N120,000,000 (2009 Nil). However, the Directors are of the opinion that the action will not succeed against the company.

21.2 Capital commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into account in the preparation of these financial statements.

21.3 Financial commitments

Commitment for capital expenditure authorised by the Directors but not provided for in these financial statements at 31 December 2010 - Nil (2009 : Nil).

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010**

22. Subsequent events review

There are no post-balance sheet events that could have had a material effect on the state of affairs of the company as at 31 December 2010 which have not been adequately provided for or disclosed.

23. Comparative figures

Certain comparative figures have been reclassified to give a more meaningful comparison with current year classification.

24. Related party transactions

A number of transactions were entered into with The Nigerian Stock Exchange. These include various eligibility fees received from quoted companies on behalf of Central Securities Clearing System Limited during the year.

The logo for Central Securities Clearing System Limited (CSCS) is located at the bottom of the page. It features the letters 'CSCS' in a bold, sans-serif font, with a stylized star or asterisk symbol behind the first 'S'.

**STATEMENTS OF VALUE ADDED
YEAR ENDED 31 DECEMBER 2010**

	2010 Number	%	2009 Number	%
Turnover - Local	4,256,331	140	4,564,585	112
Bought in services - Local	(1,206,207)	(40)	(487,570)	(12)
Value added	3,050,124	100	4,077,015	100
Applied as follows:				
To pay employees:				
Staff salaries, and other benefits	1,072,347	35	1,296,037	32
To pay government:				
Taxation	667,952	22	773,812	19
Information technology levy	16,487	1	16,674	0
To provide for replacement of assets, expansion of business and payment of dividend to shareholders:				
- Deferred taxation	(84,356)	(3)	(265,541)	(7)
- Depreciation	312,650	10	596,934	15
- Retained profit	1,065,044	35	1,159,099	28
- Dividend	-	-	500,000	12
	3,050,124	100	4,077,015	100

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



FIVE YEAR FINANCIAL SUMMARY

	2010 Number	2009 Number	2008 Number	2007 Number	2006 Number
ASSETS EMPLOYED					
Bank balances and deposits	10,846,342	9,610,893	13,011,703	7,499,724	2,212,426
Long term investments	200,000	200,000	-	-	-
Debtors and prepayments	1,457,312	1,873,843	1,340,821	1,183,926	466,007
Deferred tax asset	84,356	-	-	-	-
Fixed assets	731,044	914,053	1,328,776	1,324,960	1,507,424
	<u>13,319,054</u>	<u>12,598,789</u>	<u>15,681,300</u>	<u>10,008,610</u>	<u>4,185,857</u>
CURRENT LIABILITIES					
Creditors	571,272	316,985	1,632,544	1,084,990	253,536
Taxation	667,952	767,018	2,180,262	1,786,668	261,303
Deferred taxation	-	-	265,541	255,721	254,137
Staff gratuity and pensions	335,021	335,021	827,115	-	-
	<u>1,574,245</u>	<u>1,419,024</u>	<u>4,905,462</u>	<u>3,127,379</u>	<u>768,976</u>
CAPITAL AND RESERVES					
Share capital	5,000,000	5,000,000	5,000,000	1,000,000	941,540
Share premium	-	-	-	1,597,274	1,494,586
General reserve	6,744,809	6,179,765	5,775,838	4,283,957	980,755
SHAREHOLDERS' FUNDS	<u>11,744,809</u>	<u>11,179,765</u>	<u>10,775,838</u>	<u>6,881,231</u>	<u>3,416,881</u>
	<u>13,319,054</u>	<u>12,598,789</u>	<u>15,681,300</u>	<u>10,008,610</u>	<u>4,185,857</u>
TURNOVER AND OPERATING PROFIT					
Turnover	4,256,331	4,564,585	11,155,911	8,627,701	2,385,799
Profit before taxation	1,648,640	1,667,370	6,453,970	5,360,868	961,142
Taxation	(583,596)	(508,271)	(2,159,707)	(1,775,204)	(215,307)
Profit after taxation	1,065,044	1,159,099	4,294,263	3,585,664	745,835
Dividend	-	(500,000)	(750,000)	(399,656)	(282,462)
	<u>-</u>	<u>(500,000)</u>	<u>(750,000)</u>	<u>(399,656)</u>	<u>(282,462)</u>
PER N1 SHARE DATA					
Earnings-Basic	21k	23k	86k	359k	79k
Net assets per share	235k	224k	216k	688k	363k
Dividend per share	-	10k	15k	40k	30k
Dividend cover (times)	-	2.1	1.4	8.9	2.6

Basic earnings and dividend per share are based on profit after tax and number of ordinary shares of N1 in issue at 31 December.

Net assets per share is based on number of ordinary shares in issue at 31 December.

CSCS DIRECTORS



Mr Emmanuel Ikazoboh
Chairman



Mrs. Olufunmilola Oyebadejo
Director

CSCS DIRECTORS

Mr. Herbert Wigwe
Director



Alhaji Umaru Kwairanga
Director

CSCS DIRECTORS



Mr Chidi Agbapu
Director



Mr. Emmanuel Nnorom
Director

MANAGEMENT TEAM

Mr. Peter A. Egunbiyi
Acting Managing Director/CEO



Dr. Onyewuchi Asinobi
Managing Director/CEO
(Rtd. May 2011)

MANAGEMENT TEAM

Mr. Ardiyel Dafur
General Manager
(Rtd. May 2011)



Mr. Joe Mekiliuwa
Deputy General Manager/
Head, Computer Department

MANAGEMENT TEAM

Mrs. Pauline Onyenwe
Deputy General Manager/
Head, Depository Department



Mr. Austing Ene
AGM (Data Centre)



Registrars Unit



Lien Unit



Computer Department



Bond Unit



Server Room, CSCS Head Office



**Facilities at CSCS Digital Centre,
Parkview Estate, Ikoyi**





Audit Unit

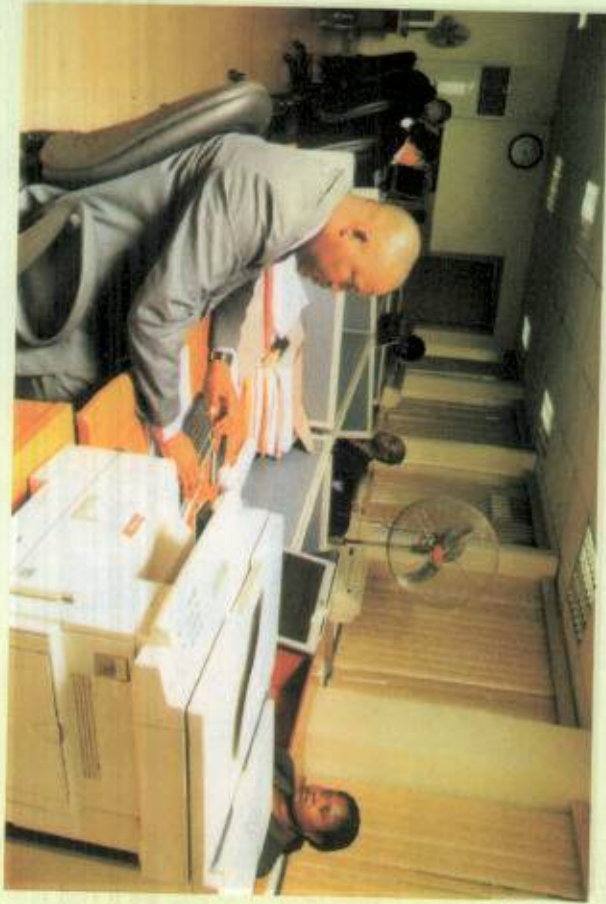


Registrars' Unit



Computer Department

SCS



Depository Department



ACCOUNTS DEPARTMENT



ACCOUNTS DEPARTMENT



CSC

PROXY FORM

THE 17TH ANNUAL GENERAL MEETING OF THE CENTRAL SECURITIES CLEARING SYSTEM LIMITED TO BE HELD AT 1.00 PM ON FRIDAY JULY 29, 2011 AT THE HOTEL SOFITEL LAGOS MOORHOUSE, No. 1 BANKOLE OKI STREET, IKOYI, LAGOS

I/WE....., Of.....
Being a member/members of Central Securities and Clearing System Limited hereby appoint**

.....Of.....
Or failing him, the Chairman of the meeting to act as my/our proxy and vote for me/us and my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday July 29, 2011 and at any adjournment thereof.

Dated this.....day of.....2011

Shareholder's Signature

NUMBER OF SHARES

NOTE:

1. A Member (Shareholder) entitled to attend and vote at the General Meeting is entitled to appoint a Proxy in his stead. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.
2. As provided for in the Form, the Chairman of the meeting has been entered on the Form to ensure that someone will be at the meeting to act as your proxy, however if you wish, you may insert in the blank space on the Form (marked **) the name of any person, whether a member of a Company or not, who will attend the meeting and vote on your behalf.

IF YOU ARE UNABLE TO ATTEND THE MEETING, READ THE FOLLOWING INSTRUCTIONS VERY CAREFULLY:

- a. Write your name in BLOCK LETTER on the Proxy Form where marked * in the case of joint shareholders, any of them may complete this Form but the names of all joint holders must be inserted.
- b. Write the name of your Proxy (if any) where marked **
- c. Please sign and post the Proxy Form so as to reach the address overleaf not less than 48 hours before the time fixed for the meeting.
- d. If executed by a corporate body, the Proxy Form should be sealed with the Common Seal.
- e. The Proxy must produce the admission Form to obtain entrance to the building.
- f. This Proxy Form should NOT be completed and sent to the Company if the member will be attending the meeting. Before posting the above Form, please tear off this part and retain it for admission to the meeting.

N.B. The manner in which the Proxy is to vote should be indicated by inserting "x" in the appropriate space			
S/N	PROPOSED RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1.	To receive the financial statements of the Company for the year ended December 31 st , 2011;		
2.	To declare dividends;		
3.	To elect Directors in place of those retiring;		
4.	To authorize the Directors to fix the remuneration to the Auditors;		
SPECIAL BUSINESS			
5.	To determine and fix the remuneration of Directors		

PROXY FORM

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1.	To receive the financial statements of the Company for the year ended December 31 st , 2011;		
2.	To declare dividends;		
3.	To elect Directors in place of those retiring;		
4.	To authorize the Directors to fix the remuneration to the Auditors;		
SPECIAL BUSINESS			
5.	To determine and fix the remuneration of Directors		

ADMISSION FORM**THE CENTRAL SECURITIES CLEARING SYSTEM LIMITED****17TH ANNUAL GENERAL MEETING**

Please admit only the Shareholder named on this Form or his duly appointed Proxy to the 17th Annual General Meeting being held at the Hotel Sofitel Lagos Moorhouse, No. 1 Bankole Oki Street, Ikoyi, Lagos

Name of Shareholder(s)..... Signature of Person
attending ***.....

Note:

*** You are requested to sign this Form at the entrance to the venue at the Annual General Meeting.

