

LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE TRUSTEES  
AUDITED ANNUAL FINANCIAL STATEMENTS  
AND  
OTHER NATIONAL DISCLOSURES  
FOR THE YEAR ENDED 31 DECEMBER 2019

LAGOS STATE SECURITY TRUST FUND

REPORT OF THE TRUSTEES, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2019

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## LAGOS STATE SECURITY TRUST FUND

### LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2019

#### Registered Office

Governor's Office  
Lagos House  
Secretariat, Alausa, Ikeja  
Lagos, Nigeria

#### Board of Trustees

Mr. Kehinde Durosinmi-Etti	Chairman*
Mr. Oye Hassan -Odukale, MFR	Chairman**
Mr. Segun Agbaje	Member*
Mr. Ebenezer Onyeagwu	Member*
Dr. Adesola Kareem Adeduntan	Member*
Mr. Emeka Onwuka, OON	Member*
Mr. Tayo Akinmade Ayinde	Member*
Engr. Omotayo Bamgbose-Martins	Member*
DIG Agboola Oshodi-Glover (Rtd)	Member*
Otunba Niyi Adewunmi	Member*
Dr. Ayodele Ogunsan	Member*
Mr. Herbert Wigwe	Member**
Mr. Adeyemi Idowu	Member**
Mr. Philips Oduoza	Member**
D.I.G. Isreal O. Ajao, OON	Member**
Mr. Gbolahan Lawal	Member**
Prof. Ademola Abass	Member**
Mr. Kenedy Uzoka	Member**
Mr. Opeyemi Agbaje	Member***

\* Appointed 17 June 2020

\*\* Tenor expired 16 February 2020

\*\*\* Resigned 28 August 2019

#### Executive Secretary/Chief Executive Officer

Dr Abdurrazaq Mobolaji Balogun

#### Bankers

Polaris Bank Limited Alausa Secretariat Branch Alausa, Ikeja, Lagos	Zenith Bank Plc Alausa Secretariat Branch Alausa, Ikeja, Lagos
First Bank of Nigeria Limited Acme Road, Ikeja, Lagos	Sterling Bank Plc Opebi Road, Ikeja, Lagos
Guaranty Trust Bank Plc Alausa Secretariat Branch Ikeja, Lagos	Access Bank Plc 183 Obafemi Awolowo Way Ikeja, Lagos

**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Bankers (continued)**

Heritage Bank Plc  
7 Ashabi Cole Street,  
Central Business District, Ikeja, Lagos

Stanbic IBTC Bank Plc  
Ikeja City Mall Branch  
Shoprite  
Alausa, Lagos

Fidelity Bank Plc  
84, Ladipo Street  
Matori, Lagos

First City Monument Bank  
Motorway Building  
Opposite Seven-Up Bottling Company  
Ikeja, Lagos

United Bank for Africa Plc  
15, Industrial Avenue  
Ilupeju

Providus Bank  
Plot 724 Adetokunbo Ademola Street  
Victoria Island  
Lagos

Coronation Merchant Bank  
10, Amodu Ojikutu Street  
Victoria Island, Lagos

Wema Bank Plc  
4 Omatsola Mall Keffi Street  
Alausa, Ikeja  
Lagos

**Auditors**

Ernst & Young  
10<sup>th</sup> & 13<sup>th</sup> Floors  
57, Marina  
Lagos

## LAGOS STATE SECURITY TRUST FUND

### REPORT OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of Lagos State Security Trust Fund (the Fund).

#### **Incorporation and address**

The Fund was established in 2007 by a law of the Lagos State House of Assembly. The address of its registered office is:

Governor's Office  
Lagos House  
Secretariat, Alausa, Ikeja  
Lagos, Nigeria

#### **Principal activities**

The principal activity of the Fund is to raise donations both in cash and in kind and coordinate the application of donations received. This is aimed at ensuring that equipment that are required to enhance the operational capacity of security agencies operating in the state are readily available as at when due. Equipment in this regard include human, material and financial resources as shall be found necessary for the effective functioning of all Federal, State and Local Government and other security agencies operating in the State.

#### **Results**

The Fund's results for the year are set out on page 11. The surplus for the year of ₦643 million (2018: ₦299.5 million) has been transferred to accumulated fund.

#### **Trustees**

The Trustees who held office during the year and to the date of this report were:

Mr. Kehinde Durosinmi-Etti	Chairman*
Mr. Oye Hassan -Odukale, MFR	Chairman**
Mr. Segun Agbaje	Member*
Mr. Ebenezer Onyeagwu	Member*
Dr. Adesola Kareem Adeduntan	Member*
Mr. Emeka Onwuka, OON	Member*
Mr. Tayo Akinmade Ayinde	Member*
Engr. Omotayo Bamgbose-Martins	Member*
DIG Agboola Oshodi-Glover (Rtd)	Member*
Otunba Niyi Adewunmi	Member*
Dr. Ayodele Ogunsan	Member*
Mr. Herbert Wigwe	Member**
Mr. Adeyemi Idowu	Member**
Mr. Phillips Oduoza	Member**
D.I.G. Isreal O. Ajao, OON	Member**
Mr. Gbolahan Lawal	Member**
Prof. Ademola Abass	Member**
Mr. Kenedy Uzoka	Member**
Mr. Opeyemi Agbaje	Member***

\* Appointed 17 June 2020

\*\* Tenor expired 16 February 2020

\*\*\* Resigned 28 August 2019

**LAGOS STATE SECURITY TRUST FUND**

**REPORT OF TRUSTEES - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Employment of disabled persons**

The Fund has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Fund's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

**Employee health, safety and welfare**

The Fund enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly.

**Employee training and involvement**

The trustees maintain regular communication and consultation with the employees.

**Auditors**

Ernst & Young have expressed their willingness to continue in office as the Fund's auditors in accordance with Section 13(2) of the Lagos State Security Trust Fund Law.

By order of the Board of Trustees



Dr. Abdurrazaq Balogun  
Executive Secretary/CEO

Lagos, Nigeria

30 July 2020

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019


The Lagos State Security Trust Fund Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Fund at the end of the year and of its surplus or deficit. This responsibility includes:


- a) ensuring that the Fund keeps proper accounting records that disclose with reasonable accuracy the financial position of the Fund and comply with the requirements of the Lagos State Security Trust Fund Law.
- b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
- c) preparing the Fund's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board, the requirements of the Lagos State Security Trust Fund Law and the Financial Reporting Council of Nigeria Act no. 6 2011.

The Trustees are of the opinion that the financial statements present fairly, in all material respects the financial position and the financial performance of the Fund as of and for the year ended 31 December 2019. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

  
Mr. Kehinde Durosinmi-Etti  
Chairman  
FRC/2013/CIBN/0000001737

  
Dr. Abdurrazaq Balogun  
Executive Secretary/CEO  
FRC/2017/MDCN/00000015952

30 July 2020

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF LAGOS STATE SECURITY TRUST FUND**

Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Lagos State Security Trust Fund ("The Fund") set out on pages 11 to 54 which includes the statement of financial position as at 31 December 2019, and the statement of income and expenditure, the statement of changes in net asset value and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Lagos State Security Trust Fund Law and the Financial Reporting Council of Nigeria Act No. 6, 2011.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Lagos State Security Trust Fund. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Lagos State Security Trust Fund.

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

### Other Information

The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, the Statement of Value Added and the Five-Year Financial Summary as required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. Other information does not include the financial statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF LAGOS STATE SECURITY TRUST FUND -Continued

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Lagos State Security Trust Fund Law and the Financial Reporting Council Act No. 6, 2011, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Fund's internal control.
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- ▶ conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Fund to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF LAGOS STATE SECURITY TRUST FUND - Continued

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

- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Fund's audit. We remain solely responsible for our audit opinion.

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



Sayo Efumaro, FCA  
FRC 2012/ICAN/00000000139  
For: Ernst & Young  
Lagos, Nigeria

04 August 2020



**LAGOS STATE SECURITY TRUST FUND**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 ₦	2018 ₦
<b>Income</b>			
Donations in cash:			
From public officers and government agencies	6a	-	500,000
From private bodies	6b	1,430,465,800	555,745,584
		<u>1,430,465,800</u>	<u>556,245,584</u>
Donations in kind:			
From public officers and government agencies	7a	-	441,000,000
From private bodies	7b	25,740,000	25,000,000
Direct donations to security agencies	7c	2,714,847,000	1,680,732,000
		<u>2,740,587,000</u>	<u>2,146,732,000</u>
Other income	8	19,139,976	48,663,211
Interest income calculated using the effective interest method	9	25,304,752	45,097,603
		<u>44,444,728</u>	<u>93,760,814</u>
Gross income		<u>4,215,497,528</u>	<u>2,796,738,398</u>
<b>Expenditure</b>			
Credit loss reversal/ expense	10	1,908,614	(1,289,204)
Support to security agencies	11	(3,379,203,087)	(2,421,420,332)
Employee benefits expense	12	(22,360,400)	(23,156,030)
Rent expenses	13	(6,146,215)	(5,759,194)
Other operating expenses	14	(144,341,428)	(35,067,447)
Depreciation of property and equipment	16	(22,052,358)	(10,392,121)
Amortization of intangible asset	17	(29,250)	(148,500)
		<u>(3,572,224,124)</u>	<u>(2,497,232,828)</u>
<b>Total expenses</b>		<u>(3,572,224,124)</u>	<u>(2,497,232,828)</u>
<b>Surplus for the year</b>		<u>643,273,404</u> =====	<u>299,505,570</u> =====

The notes on pages 15 to 54 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND


STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2019

	Note	2019 ₦	2018 ₦
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	48,500,374	47,095,231
Intangible assets	17	-	29,250
<b>Current assets</b>			
Inventories	18	418,711,161	43,460,500
Account receivables	19	600,000	2,500,000
Debt instruments at amortised cost	20	-	137,212,718
Other assets	21	31,320,085	10,363,811
Right of use assets	22	5,000,000	-
Cash and short-term deposits	23	1,060,711,703	678,011,559
<b>Total assets</b>		<b>1,564,843,323</b>	<b>918,673,069</b>
<b>Equity and liabilities</b>			
Accumulated Fund		1,533,994,028	890,720,624
<b>Total equity</b>		<b>1,533,994,028</b>	<b>890,720,624</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	25	-	3,077,602
<b>Current liabilities</b>			
Account payables	24	27,015,616	15,830,791
Deferred income	25	3,833,679	9,044,052
<b>Total liabilities</b>		<b>30,849,295</b>	<b>27,952,445</b>
<b>Total equity and liabilities</b>		<b>1,564,843,323</b>	<b>918,673,069</b>

The notes on pages 15 to 52 form part of these financial statements

The financial statements on pages 11 to 54 were approved and authorised for issue by the Board of Trustees on 30 July 2020 and were signed on its behalf by:

  
 Mr. Kehinde Durosinmi-Etti  
 Chairman  
 FRC/2013/CIBN/00000001737

  
 Dr. Abdurrazag Balogun  
 Executive Secretary/CEO  
 FRC/2017/MDCN/00000015952

LAGOS STATE SECURITY TRUST FUND  
 STATEMENT OF CHANGES IN NET ASSET VALUE  
 FOR THE YEAR ENDED 31 DECEMBER 2019

	N
For the year ended 31 December 2019	
Fund at 1 January 2019	890,720,624
Surplus for the year	643,273,404
	-----
At 31 December 2019	1,533,994,028
	=====

	N
For the year ended 31 December 2018	
Fund at 1 January 2018	591,861,976
Impact of adopting IFRS 9	(646,922)
	-----
Restated opening balance under IFRS 9	591,215,054
Surplus for the year	299,505,570
	-----
At 31 December 2018	890,720,624
	=====

LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 ₦	2018 ₦
<b>Surplus/ (deficit) for the year</b>		643,183,404	299,505,570
Non-cash adjustment to reconcile surplus to net cash flows			
Depreciation of property and equipment	16	22,052,358	10,392,121
Amortization of intangible asset	17	29,250	148,500
Credit loss (reversal)/expense	10	(1,908,614)	1,289,204
Credit loss reversal on cash balances	23	58,095	(85,609)
Working capital adjustments:			
(Increase) in inventories		(375,250,661)	(43,460,500)
Decrease in accounts receivable		1,900,000	13,850,000
(Increase) in right of use asset		(5,000,000)	-
(Increase)/ decrease in other assets		(20,956,274)	4,413,666
(Increase)/ decrease in accounts payable		11,274,825	(64,881,361)
(Decrease) in deferred income		(8,287,975)	(9,044,052)
<b>Cash generated from operations</b>		<u>266,944,408</u>	<u>212,127,539</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	16	(23,457,500)	(33,695,000)
Disposal/(purchase) of treasury bills		139,063,236	(82,586,662)
<b>Cash used in investing activities</b>		<u>115,755,736</u>	<u>(116,281,664)</u>
Increase in cash and cash equivalents		382,700,144	95,845,875
<b>Cash and cash equivalents at 1 January</b>		<u>678,011,559</u>	<u>582,165,684</u>
<b>Cash and cash equivalents at 31 December</b>	23	<u><u>1,060,711,703</u></u>	<u><u>678,011,559</u></u>

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Corporate information

The financial statements of the Lagos State Security Trust Fund (LSSTF) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Trustees on \_\_ June 2020.

LSSTF is a trust fund established in 2007 by a law of the Lagos State House of Assembly domiciled in Nigeria. The registered office is located at Governor's Office, Lagos House, Secretariat, Ikeja, Lagos.

The principal activity of the Fund is to raise donations both in cash and in kind and coordinate the application of donations received. This is aimed at ensuring that equipment that are required to enhance the operational capacity of security agencies operating in the state are readily available as at when due. Equipment in this regard include human, material and financial resources as shall be found necessary for the effective functioning of all Federal, State and Local Government and other security agencies operating in the State.

#### 2. Accounting Policies

##### 2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Naira (₦) and all values are rounded to the nearest Naira, except when otherwise stated.

##### 2.2 Basis of presentation

The Fund presents assets and liabilities in statement of financial position based on current and non-current classification. An asset is classified as current when it is:

- ▶ expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ held primarily for the purpose of trading
- ▶ expected to be realised within twelve months after the reporting period, or
- ▶ cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- ▶ it is expected to be settled in normal operating cycle
- ▶ it is held primarily for the purpose of trading
- ▶ it is due to be settled within twelve months after the reporting period, or
- ▶ there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

##### 2.3 Changes in accounting policies and disclosures

###### *New and amended standards and interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations are applied for the first time in 2019, but do not have an impact on the financial statements of the Fund.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.3 Changes in accounting policies and disclosures - continued

##### *IFRS 16 Leases*

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. This did not have any effect on the Fund as the Fund is not a lessor.

The Fund adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. The Fund elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Fund also elected to use the recognition exemptions if lease contracts, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	N
<b>Assets</b>	
Right-of-use assets	8,750,000
Prepayments	(8,750,000)
	-----
<b>Total assets</b>	-
<b>Total adjustment on equity (retained earnings)</b>	-
	=====

The adoption of IFRS 16 does not give rise to a lease liability as the Fund does not have an enforceable right to renew or extend its lease as at the end of the reporting period and the non-cancellable period have been fully paid.

#### (a) Nature of the effect of adoption of IFRS 16

The Fund has lease contracts for its office building. Before the adoption of IFRS 16, the Fund classified this lease (as lessee) at the inception date as operating lease. The lease was classified as operating lease because substantially all the risks and rewards incidental to ownership of the leased asset is bore by the lessor. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Other assets and Other liabilities, respectively.

Upon adoption of IFRS 16, the Fund applied a single recognition and measurement approach for its lease. The standard provides specific transition requirements and practical expedients, which have been applied by the Fund.

##### *Lease previously accounted for as operating leases*

The Fund recognised right-of-use assets for its lease previously classified as operating lease. For this lease, the right-of-use asset was recognised based on the amount equal to the related prepaid and accrued lease payments previously recognised.



## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.3 Changes in accounting policies and disclosures - continued

##### *IFRS 16 Leases - continued*

#### (a) Nature of the effect of adoption of IFRS 16 - continued

The Fund also applied the available practical expedients wherein it:

- ▶ Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- ▶ Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

#### (b) Summary of new accounting policies

Set out below are the new accounting policies of the Fund upon adoption of IFRS 16, which have been applied from the date of initial application:

##### Right-of-use assets

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Fund is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

In calculating the present value of lease payment, the Fund uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### (c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Fund's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	
	Building ₦	Total ₦
As at 1 January 2019	-	-
Transfer from prepayment	8,750,000	8,750,000
Additions during the year	-	-
Depreciation expense	(3,750,000)	(3,750,000)
As at 31 December 2019	5,000,000	5,000,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.3 Changes in accounting policies and disclosures - continued

##### *IFRS 16 Leases - continued*

(d) Below is a list of other interpretations and amendment that were effective for the first time in 2019 but do not have a significant impact on the Fund:

- ▶ i IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- ▶ ii Amendments to IFRS 9: Prepayment Features with Negative Compensation
- ▶ iii Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- ▶ iv Amendments to IAS 28: Long-term interests in associates and joint ventures
- ▶ v Annual Improvements 2015-2017 Cycle
  - (a) IFRS 3 Business Combinations
  - (b) IFRS 11 Joint Arrangements
  - (c) IAS 12 Income Taxes
  - (d) IAS 23 Borrowing Costs

#### 2.4 Summary of significant accounting policies

##### a) Property and equipment

Property and equipment are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The cost of equipment comprises their purchase cost and any incidental costs of acquisition. For assets donated to the Fund, acquisition cost represents fair value of donated assets.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives.

The estimated annual rates of depreciation are as follows:

	%
Office furniture and equipment	25
Motor vehicles	25
Computer equipment	33
Leasehold improvements	20

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income or expenditure when the asset is derecognised.

##### b) Intangible assets

Software acquired by the Fund is stated at cost less accumulated amortisation and accumulated impairment.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### b) Intangible assets - continued

Software acquired by the Fund is stated at cost less accumulated amortisation and accumulated impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

##### c) Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes.

The specific recognition criteria described below must also be met before revenue is recognized.

##### *Donations*

Donation is recognised as income when it is received. Donation is also recognized when it becomes receivable. i.e. when pledges are made and are redeemed up till the financial statements are authorized for issue. Assets donated are recognised at their estimated fair value at the date of the donation. A significant portion of donations are received through transfers into the Fund's bank account and/or via cheques while some are received in cash at the town hall meeting. The Board of Directors have decided to write off all un- redeemed pledges up to the time the Financial Statements are to be authorized for issue.

##### *Interest Income calculated using the effective interest method*

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset or liability.

##### d) Government grants

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

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

##### e) Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### e) Financial Instrument - continued

##### (i) *Financial Assets*

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

###### *Subsequent Measurement*

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

###### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Fund. The Fund measures financial assets at amortised cost if both of the following conditions are met:

- ▶ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- ▶ 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.

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

The Fund's financial assets at amortised cost includes cash and short-term deposits and Investments in Treasury bills.

###### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

The rights to receive cash flows from the asset have expired or:

The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### e) Financial Instrument - continued

##### (i) *Financial Assets - continued*

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

##### *Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

Disclosure for significant assumptions Note 28

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For short-term deposits and investments in treasury bills, the Fund applies the general approach in calculating ECLs. It is the Fund's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of trade and other payables, net of directly attributable transaction costs. The Fund's financial liabilities include accounts payable.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### e) Financial Instrument - continued

##### (ii) *Financial Liabilities*

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of income and expenditure.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Fund has not designated any financial liability as at fair value through profit or loss. "

###### *Accounts payable*

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Account payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

###### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income and expenditure.

##### (iii) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### f) Impairment of non-financial assets

Under IAS 39, the Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### f) Impairment of non-financial assets - continued

Impairment losses are recognised in the statement of income & expenditure in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Fund estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income or expenditure.

##### g) Fair value measurement

The Fund does not measure any assets or liabilities at fair value at each reporting date. However, fair values of financial instruments measured at amortised cost are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 2.4 Summary of significant accounting policies - continued

##### h). Inventories

Inventories are measured at the lower of cost and net realisable value. Inventory held for distribution at no or minimal consideration is measured at the lower of cost and current replacement cost. If inventories are acquired at no cost, or for nominal consideration, the cost is the current replacement cost at the date of acquisition with a corresponding adjustment to revenue. Cost is determined on a first in, first out basis.

The amount of any write-down of inventories to net realisable value (current replacement cost) and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

##### i) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank, cash in hand and short-term deposits that are subject to an insignificant risk of changes in value with a maturity of three months or less.

##### j) Employee benefits

###### (i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Fund operates a defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary. Obligations in respect of the Fund's contributions to the scheme are recognized as an expense in the profit or loss on an annual basis.

###### (ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### 3. Significant Accounting judgments, estimates and assumptions

The preparation of the Fund's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The areas where judgment and estimates are significant are as below:

##### Judgments

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:



## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 3. Significant Accounting judgments, estimates and assumptions - continued

##### Judgments - continued

###### *Operating lease commitments - Fund as lessee*

The Fund leased the office space where it operates. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these office space and accounts for the contracts as operating leases.

##### Estimates and assumptions

##### Financial Instruments

###### *Impairment losses on other financial assets*

The measurement of impairment losses under IFRS 9 requires that estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Fund's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- ▶ Development of ECL models, including the various formulas and the choice of inputs
- ▶ Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, Gross Domestic Products (GDP) and inflation rate, and the effect on PDs, EADs and LGDs
- ▶ Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

###### *Property, plant and equipment*

The Fund carries its property, plant and equipment at cost in the Statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Fund's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For more details refer Note 16".

###### *Going concern*

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

#### 4. New and amended standards and interpretations issued but not yet effective

The standards and interpretations issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these standards, if applicable, when they become effective.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 4. New and amended standards and interpretations issued but not yet effective - continued

##### (i) IFRS 17 - Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Fund.

##### (ii) Proposed amendments to IFRS 17

In June 2019, the IASB issued an exposure draft (ED) on proposed amendments to IFRS 17. The Board considered 25 concerns and implementation challenges raised by stakeholders and assessed whether to propose changes to the standard. The Board selected only those changes that, in its estimation, would not lead to a significant loss of useful information for investors, nor unduly disrupt implementation processes under way, nor risk undue delays in the effective date of IFRS 17.

The IASB proposes in the ED 12 targeted amendments to the standard in eight areas and asks stakeholders whether they agree with the proposed amendments. The eight areas of IFRS 17 subject to proposed changes are:

- ▶ Deferral of the effective date of IFRS 17 for one year, including an additional year of deferral for the application of IFRS 9 to qualifying insurance entities (i.e., qualifying insurers can apply IFRS 17 and IFRS 9 for the first time in reporting periods beginning on or after 1 January 2022)
- ▶ Additional scope exclusions
- ▶ Expected recovery of insurance acquisition cash flows from insurance contract renewals
- ▶ CSM relating to investment activities
- ▶ Applicability of the risk mitigation option for contracts with direct participation features
- ▶ Reinsurance contracts held - expected recovery of losses on underlying contracts
- ▶ Simplified presentation of insurance contracts in the statement of financial position
- ▶ Transition modifications and reliefs"

IFRS 17 will have no impact on the Fund, as it does not issue insurance contract.

##### (iii) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

These amendments are effective annual periods beginning on or after 1 January 2020

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 4. New and amended standards and interpretations issued but not yet effective - continued

##### The amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

- ▶ The assessment of whether a forecast transaction (or component thereof) is highly probable
- ▶ Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- ▶ The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value.

The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

These amendments will not have significant impact on the Fund's financial statements when they become effective.

##### The amendments to IAS 39

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- ▶ For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
- ▶ For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
- ▶ For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

These amendments will not have significant impact on the Fund's financial statements when they become effective.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 4. New and amended standards and interpretations issued but not yet effective - continued

##### Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments will currently have no impact on the financial statements of the Fund.

##### Definition of a Business - Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. This amendment will currently have no impact on the financial statements of the Fund.

##### The Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- ▶ Chapter 1 - The objective of financial reporting
- ▶ Chapter 2 - Qualitative characteristics of useful financial information
- ▶ Chapter 3 - Financial statements and the reporting entity
- ▶ Chapter 4 - The elements of financial statements
- ▶ Chapter 5 - Recognition and derecognition
- ▶ Chapter 6 - Measurement
- ▶ Chapter 7 - Presentation and disclosure
- ▶ Chapter 8 - Concepts of capital and capital maintenance

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 and for those applying IAS 8. The new framework will have no significant impact on the financial statements of the Fund.

##### Definition of Material - Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The Fund will apply this amendment when it becomes effective on 1 January 2020.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

6	Donations in cash		
6a	Donations from public officers and government agencies:		
		2019	2018
	<b>Donors</b>	₦	₦
	Council of Obas & White Caps Chiefs of Lagos State	-	500,000
		-----	-----
		-	500,000
		=====	=====
6b	Donations in cash from private bodies:		
	<b>Donors</b>		
	Zenith Bank Plc	300,000,000	250,000,000
	Access Bank Plc	100,000,000	100,000,000
	Guaranty Trust Bank	100,000,000	-
	Xenon Construction Ltd	100,000,000	-
	Mr. Femi Otedola	80,000,000	5,000,000
	First Bank of Nigeria Ltd	55,000,000	-
	Coronation Merchant Bank Plc	50,000,000	-
	Ekulo International Ltd	50,000,000	-
	Seplat Petroleum Development Plc	50,000,000	2,000,000
	SIFAX Group	50,000,000	-
	Technology Distribution Ltd	50,000,000	-
	United Bank for Africa	50,000,000	-
	Adeyemi Idowu	50,000,000	65,000
	Polaris Bank	35,000,000	-
	First City Monument Bank	30,000,000	50,000,000
	Custodian Investment	25,000,000	-
	Keystone Bank Ltd	25,000,000	-
	Lekki Port LFTZ Enterprise	25,000,000	-
	Obu Cement Company Ltd	25,000,000	-
	Planets Projects Limited	25,000,000	-
	Stanbic IBTC Bank	25,000,000	25,000,000
	Airtel Networks Ltd	20,000,000	-
	Rite Foods Limited	20,000,000	-
	Tropical General Investment Nigeria Ltd	20,000,000	-
	Courteville Business	15,000,000	-
	Systems Spec Nigeria	12,000,000	-
	LASACO Assurance Company	10,000,000	10,000,000
	North West Quadrant	10,000,000	-
	The Nigerian Stock Exchange	5,800,000	-
	The George	5,000,000	-
	Lekki Concession Company	2,000,000	-
	Metropolitan Construction Co.	2,000,000	-
	Arksego Nigeria Limited	1,000,000	1,000,000
	Decency Associates	1,000,000	-
	Orange Island Dev. Co. Ltd.	1,000,000	-
	Leadway Assurance Limited	725,000	5,000,000
	Alh. Adeola Musiliu Smith (DIG.)	500,000	-
	Harmony Abbattoir Mgt. Services	500,000	-
	Righteous Construction Co. Nig.	500,000	-
	Prestige Assurance Plc	400,000	-
	First Marina Trust Ltd	250,000	-
	Sheriff Deputies	250,000	-
	Ahmad Choukeir	200,000	-
	Flinch Glow Travel Agency Nig. Ltd	200,000	-

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

6b Donations in cash from private bodies - continued	2019 ₦	2018 ₦
Anonymous Donor	150,100	121,584
Laurent Blanquier	150,000	-
Lekki Phase 1 residence association	150,000	100,000
MTN Short Code donation A/C	136,700	-
Alh. Waheed Kassim	100,000	-
Bourdilon Court Estate	100,000	-
Codogan Estate	100,000	-
Cromwell Court Estate	100,000	-
Hudders Field Property Agency	100,000	-
Femi Okunnu Housing Estate	100,000	-
Friend's Colony Estate	100,000	-
Haroun Akodu	100,000	-
Hon. Justice Olorunnimbe	100,000	-
HRM Oba Kabiru Shotobi	100,000	100,000
Milverton Court Estate	100,000	-
Mr. Kayode Opeifa	100,000	-
Napier Garden Estate	100,000	-
Northern Foreshore Estate	100,000	-
Maria Breed Montessori Int'l School	50,000	-
Mrs. Yetunde Akinluyi	50,000	50,000
John Rushton	20,000	-
Onafowote Fatai Idowu	20,000	-
Engr. Adenrele Oni	10,000	-
Olusegun Saheed	2,000	-
Mustapha Moruf Adeniyi	1,000	-
Temitope Odebode	1,000	2,000
Fidelity Bank Plc	-	50,000,000
Sterling Bank Plc	-	25,000,000
A.G Ferrero & Co Ltd	-	15,000,000
Providus Bank Ltd	-	5,000,000
STB Building Society Limited	-	5,000,000
Phillips Projects Centre Ltd	-	2,000,000
Jubaili Bros Engineering Company Ltd	-	1,500,000
11 PLC (Formerly Mobil Oil)	-	1,000,000
Ikoyi Club	-	500,000
Intergrated System & Development Ltd	-	500,000
Ashaka Security Company Ltd	-	300,000
Haggai Mortgage Bank Ltd	-	250,000
Dr. Jemilade Alonge	-	225,000
Mr. Erich Deissel	-	150,000
Ayinde Rhoda Olubusola	-	100,000
Chris Ogunbanjo Foundation	-	100,000
Sachlight Limited	-	100,000
Slice Media Solutions Ltd (Khadijah Okunnu)	-	100,000
IBILE Oil & Gas Corporation	-	50,000
Mr Paul Harney	-	50,000
Mrs Bandele Fadipe	-	50,000
Pure Flour Mill Limited	-	50,000
Stefan Pedersen	-	50,000
Trans-Atlantic Shipping Agency	-	50,000
Truth Seeker Fellowship	-	50,000
Habib Haruna	-	25,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

6b	Donations in cash from private bodies - continued	2019 ₦	2018 ₦
	Abraham Orekoya	-	20,000
	Erondu John	-	20,000
	Mrs Ayo Shotonwa	-	20,000
	Puma Eye Securities	-	20,000
	ACP Chioma Ajunwa Oparah	-	10,000
	Angle90 Digital concept	-	5,000
	Funmi Adeogun	-	5,000
	Gberebie Andrew	-	5,000
	Adaobi Vivian Nwankwo	-	2,000
		-----	-----
		1,430,465,800	555,745,584
		=====	=====
7	<b>Donations in kind</b>		
7a	<b>Donations from public officers and government agencies:</b>		
	Lagos State Government		
	30 R1200 RT BMW Powerbikes	-	441,000,000
		-----	-----
		-	441,000,000
		=====	=====
7b	<b>Donations from private bodies:</b>		
	Total E&P Nigeria Limited - 2 Mitsubishi Vans	-	25,000,000
	Airtel Nigeria Limited - 1,000 Mobile Phones	15,000,000	-
	Leadway Assurance Limited - 1 Pickup Van	10,500,000	-
	Gokada - 30 Helmets	240,000	-
		-----	-----
		25,740,000	25,000,000
		=====	=====
7c	<b>Direct donations to security agencies:</b>		
	Lagos State Government supports the security agencies directly, by providing drums and litres of lubricants and PMS/AGO respectively for the efficient operation of the agencies. The details are as shown below:		
		2019 ₦	2018 ₦
	98 JAC pickup vans	1,029,000,000	-
	Supply of 7.6m litres (2018: 7.6m litres) of Premium Motor Spirit (PMS)	1,138,320,000	1,138,320,000
	Supply of 2.05m litres (2018: 2.1m litres) of Automated Gasoline Oil (AGO)	547,305,000	542,190,000
	Supply of 3 drums (2018: 3 drums) of Lubricants	222,000	222,000
		-----	-----
		2,714,847,000	1,680,732,000
		=====	=====
8	<b>Other income</b>		
	Grants from Lagos State Government	8,287,976	9,044,052
	Gain on sale of scraps	492,000	89,500
	Gain on disposal of PPE	150,000	-
	Vendors' registration fee	1,710,000	750,000
	Refund of WHT previously deducted	-	1,926,379
	Town hall meeting sponsorship	8,500,000	9,500,000
	Others	-	27,353,280
		-----	-----
		19,139,976	35,656,052
		=====	=====

Others represent provisions made in previous years that are no longer required.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2019	2018
	₦	₦
9 Interest income calculated using effective interest method		
Interest from fixed deposit	17,439,192	34,291,256
Interest earned on debt instruments at amortised cost	7,865,560	10,806,347
	-----	-----
	25,304,752	45,097,603
	=====	=====

10 Credit loss reversal/expense

The table below shows the ECL charge on income and expenditure on financial instruments for the year:

31 December 2019

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	Total
	₦	₦	₦	₦
Short-term deposit (Note 22)	27,512	-	-	27,512
Reversal of prior year's ECL on short term deposit	(85,608)	-	-	(85,608)
Reversal of prior year's ECL on debt instrument at amortised cost	(1,850,518)	-	-	(1,850,518)
	-----	-----	-----	-----
	(1,908,614)	-	-	(1,908,614)
	=====	=====	=====	=====

31 December 2018

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual	Individual	Total
	₦	₦	₦	₦
Short-term deposit (Note 22)	85,608	-	-	85,608
Reversal of prior year's ECL on short term deposit	(65,371)	-	-	(65,371)
Debt instrument at amortised cost: Treasury bills (Note 20.2)	1,850,518	-	-	1,850,518
Reversal of prior year's ECL on debt instrument at amortised cost	(581,551)	-	-	(581,551)
	-----	-----	-----	-----
	1,289,204	-	-	1,289,204
	=====	=====	=====	=====

	2019	2018
	₦	₦
11 <b>Support to security agencies</b>		
Donated vehicles, equipment and other supplies issued to security agencies (Note 11a)	2,761,287,000	2,121,732,000
Purchased vehicles, equipment and other supplies issued to security agencies (Note 11b)	465,847,502	209,920,710
Repairs and branding (Note 11c)	149,068,585	87,767,622
RRS running cost	3,000,000	2,000,000
	-----	-----
	3,379,203,087	2,421,420,332
	=====	=====

11a Donated vehicles, equipment and other supplies issued to security agencies

Beneficiaries

	2019	2018
	₦	₦

**RRS, LASTMA, LASEMA, Lagos Police command, LNSC, etc.**

Supply of 7.6m litres (2018: 7.6m litres) of Premium Motor Spirit (PMS)	1,138,320,000	1,138,320,000
Supply of 2.05m litres (2018: 2.1m litres) of Automated Gasoline Oil (AGO)	547,305,000	542,190,000
Supply of 3 drums (2018: 3 drums) of Lubricants	222,000	222,000

**Lagos Police Command**

28 JAC pickup vans	294,000,000	-
2 Nissan Hard body vans	21,440,000	-
2 Mitsubishi vehicles	25,000,000	-
1 R1200 RT BMW Power bikes	-	14,700,000



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

11a Donated vehicles, equipment and other supplies issued to security agencies - continued

	2019	2018
	₦	₦
<b>Lagos State Rapid Response Squad (RRS)</b>		
25 JAC pickup vans	262,000,000	-
10 R1200 RT BMW Power bikes	-	147,000,000
<b>Development Agenda for Western Nigeria (Amotekun)</b>		
20 JAC pickup vans	210,000,000	-
<b>Lagos State Task Force</b>		
6 JAC pickup vans	63,000,000	-
<b>Operation MESA: Navy</b>		
5 JAC pickup vans	52,500,000	-
<b>Operation MESA: Army</b>		
5 JAC pickup vans	52,500,000	-
<b>Operation MESA: Airforce</b>		
5 JAC pickup vans	52,500,000	-
<b>Department of State Security (DSS)</b>		
2 JAC pickup vans	21,000,000	-
<b>Lagos State Environmental Sanitation Corps</b>		
2 JAC pickup vans	21,000,000	-
<b>Governor's Office</b>		
5 R1200 RT BMW Power bikes	-	73,500,000
<b>Lagos State Traffic Management Authority (LASTMA)</b>		
5 R1200 RT BMW Power bikes	-	73,500,000
<b>LASEMA Response Unit (LRU)</b>		
5 R1200 RT BMW Power bikes	-	73,500,000
<b>Lagos State Emergency Management Agency (LASEMA)</b>		
4 R1200 RT BMW Power bikes	-	58,800,000
	-----	-----
	2,761,287,000	2,121,732,000
	=====	=====

11b Purchased vehicles, equipment and other supplies issued to security agencies

Beneficiaries	2019
	₦
<b>Marine Police</b>	
86,000 litres of Automated Gasoline Oil (AGO)	20,180,000
2 Yamaha Outboard Engines	13,800,000
<b>Naval Base</b>	
36,000 litres of Automated Gasoline Oil (AGO)	8,295,000
<b>Operation MESA: Airforce</b>	
12,420 litres of Premium Motor Spirit (PMS)	3,600,000

**LAGOS STATE SECURITY TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**11b Purchased vehicles, equipment and other supplies issued to security agencies - continued**

	2019
<b>Lagos State Rapid Response Squad (RRS)</b>	₦
22 JAC T6 4WD 2.0L patrol vehicles	259,600,000
Construction of back cabin on 98 patrol vehicles	24,500,000
Supply of 96 UHF Mobile base radio sets and 2 VHF base radio sets on vehicles	21,560,000
240 tyres and 100 vehicular batteries	13,869,450
146 tyres of different sizes, 24 tubes & 50 car batteries	8,590,523
Digital base radio & amber lights on the 22 new JAC T6 4WD 2.0L patrol vehicles	7,150,000
Installation of tracking devices on 98 vehicles	6,174,000
Fabrication of back cabin on the 22 new JAC T6 4WD 2.0L patrol vehicles	5,500,000
Registration of 98 JAC vehicles	4,900,000
Installation of car tracking devices on 25 vehicles including 22(Nos) JAC vans	1,300,000
2,000 units of shoulder badges	950,000
Registration of number plate for the 22 Nos JAC T6 4WD 2.0L patrol vehicles	800,000
3.5kva capacity Inverter (4x220Ah Battery & 1 rack)	701,750
130 pieces of footmat for 22 JAC vehicles	650,000
Supply of 8 tyres on commander's back up vehicles	360,000
Steering cover for the 22 vehicles purchased by the Fund & 98 donated by the LASG	165,000
4 new tyres (235/55R17) for Ford Escape Jeep RRS001LA attached to commander RRS	162,000
Cost of relocation of the Eco-friendly booth constructed for the RRS	70,000
Installation of car tracking test-run	52,500
	2019
<b>Nigerian Police</b>	₦
266 rolls of Police uniform materials	23,798,344
1750 sets of various police accoutrements (berets, lanyards, badges etc.)	21,763,035
Fabrication & construction of 4 units of security stand booth/kiosk	9,400,000
Digital Base radio & amber light on the Nissan L300 Pick-up van	325,000
Branding of Nissan L300 Pick-up van	250,000
Fabrication of back cabin on the Nissan L300 pick-up van	150,000
<b>Lagos State Neighbourhood Safety Corps (LNSC)</b>	
35 tyres (255/70/R16) and 5 tyres (205/60/R16)	1,776,900
<b>State Security Service (SSS)</b>	
56 tyres of various sizes	2,240,000
4 siren/amber lights for installation on vehicles repaired	580,000
<b>Others</b>	
One SW boat and HP engine for patrol of Apapa axis	2,634,000
	-----
	465,847,502
	=====
	2018
<b>Lagos State Rapid Response Squad (RRS)</b>	₦
100 units of Motorola (GM140) base radio	25,000,000
200 batteries (75A & 100A) and 240 units of tyres	17,873,000
115 sets of riders gear	9,717,500
Fabrication & construction of 1 security stand booth/ kiosk	1,500,000
200 units of rain coats	1,020,000
200 units of caution tapes	900,000
1 unit of Parrot Anafi 4k portable drone	750,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

11b Purchased vehicles, equipment and other supplies issued to security agencies - continued

	2018
	₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
200 units of Rain boots	610,000
Repairs & servicing of Ford F550	430,000
8 units of tyres	328,000
Construction of 2 sets of back cabins with seats on two Mitsubishi pickup vans	300,000
30 units of batteries for bikes	180,000
Parts & lubricants for 3 units of vehicles	162,210
4 units of tyre for Ford Escape jeep attached to RRS commander	132,000
2 units of 75Ah battery	46,000
 <b>Operation MESA: Airforce</b>	
12,420 litres of Premium Motor Spirit (PMS)	3,600,000
 <b>Marine Police</b>	
84,000 litres of Automated Gasoline Oil (AGO)	18,620,000
44 units of 100Amps 12V batteries	2,002,000
Procurement of battery charging equipment	350,000
 <b>Naval Base</b>	
36,000 litres of Automated Gasoline Oil (AGO)	8,115,000
 <b>Lagos State Police Command</b>	
5 Nissan Pick-up vans GMT	51,975,000
2 units of Nissan pick-up vans	20,790,000
25 sets of riders' gears	2,112,500
5 sets of revolving bar light & mobile base radios	1,475,000
Branding of 5 Nissan pick-up NP300 patrol vehicles	1,250,000
Construction and installation of back cabin on 5 Nissan pick-up NP300 patrol vehicles	750,000
2 sets of Amber lights & mobile base radios	590,000
Registration of 5 units of newly acquired vehicles	175,000
 <b>Police Hospital Falomo</b>	
1 ambulance equipped with basics	19,275,000
100KVA Generator	6,993,000
 <b>Lagos State Traffic Management (LASTMA)</b>	
7 sets of rider's gears	591,500
 <b>Lagos state Emergency Management Agency (LASEMA)</b>	
7 sets of rider's gears	591,500
 <b>Governor's Office</b>	
1 Nissan Pick-up vans GMT	10,395,000
7 sets of rider's gears	591,500
1 sets of revolving bar light & mobile base radios	295,000
Branding of 1 Nissan pick-up NP300 patrol vehicles	250,000
Construction and installation of back cabin on 1 Nissan pick-up NP300 patrol vehicles	150,000
Registration of 1 unit of newly acquired vehicles	35,000
	-----
	209,920,710
	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

11c Repairs and branding  
Beneficiaries

	2019
	₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
Branding of 98 vehicles from LASG for distribution by the Fund	24,500,000
Payment for pre & post-election training programme for 800 officers	22,400,000
Refurbishment of 5 Toyota Corolla RRS 028, 041, 133, 064 and 048	6,618,300
Parts for the routine service of 143 RRs patrol vehicles for the 2nd quarter of 2019	5,860,000
Parts for the routine service of 171 RRS patrol vehicles for 1st quarter	5,830,100
Branding of the 22 new JAC T6 4WD 2.0L patrol vehicles	5,500,000
Parts for the last quarter routine service of 130 RRS patrol vehicles	5,263,000
Refurbishment of 6 Toyota Corolla cars (D-Coy) vehicles	4,071,000
Repairs & reconstruction of (23) Sinoki supra motorbikes	2,867,300
Repair of 5 vehicles RRS 345, 378, 323, 330, 343 LA	2,314,000
Repair of seven RRS APCs	1,090,000
Refurbishment of 1 Toyota Corolla RRS 171 LA	970,500
Refurbishment of 1 Corolla RRS 093 LA	940,000
Refurbishment of Toyota Corolla 2014 RRS 003 LA	921,500
Refurbishment of 1 Toyota Corolla RRS 257 LA	878,000
Parts for the routine service of 21 RRS APCs for the 1st quarter	848,600
Refurbishment of 1 Toyota Corolla RRS 256 LA	761,000
Parts for 2nd quarter routine service of 18 APCs	754,900
Repairs of Toyota Landcruiser APC	700,000
Labour charge for 2nd quarter routine service of 68 patrol vehicles	680,000
Service parts for the last quarter routine service of 16 RRS APCs	647,200
Labour charge for routine service of 60 RRS sinoki motorbikes & 2 BMW bikes	634,000
2nd quarter routine service of 61 units of patrol vehicles	610,000
Replacement of engine on Toyota Corolla RRS 189 LA	582,375
Routine service of 73 Sinoki motorbikes	547,500
Labour charge on routine service of 54 units of RRS patrol vehicles for last quarter	540,000
Labour charge on routine service of 53 units of RRS patrol vehicles for last quarter	530,000
Servicing of 16 Nissan Almera for 1st quarter & repair of RRS 405 LA	526,600
Labour charge for routine service of 51 nos RRS patrol vehicles for 1st quarter 2019	510,000
Repair of accidented Nissan Almera RRS 399 LA	508,000
Routine service of 50 units of RRS patrol vehicles for 1st quarter of 2019	500,000
Labour charge for the servicing of 21 nos RRS APC for the 1st quarter	480,000
Repair of five APCs-SWAT 34,35,36,41&43	480,000
2nd quarter routine service of 60 motorbikes	450,000
Repair of 2 Hilux patrol vehicles RRS 381 LA & RRS 364 LA	450,000
Additional repairs on - RRS 384, 148 & 077 LA during 2nd quarter routine service	424,000
Routine service of 18 RRS APCs for the 2nd quarter in 2019	410,000
Parts & labour charge for the repair of 3 APCs	380,000
Parts for RRS 75 LA, KSF 668 DU, Izuzu Truck 01 & Izuzu Truck 07	367,000
Parts for the repair of 2 RRS vehicles with call sign RRS 110 LA & RRS 075 LA	361,700
Routine service of 18 Nissan Almera patrol vehicles	345,600
Repair of 1 accidented RRS Nissan Almera "RRS397LA" rammed	331,000
Replacement of complete steering pump, front seal, back oil seal, valve seal	320,000
Consumables for the RRS Ambulances & clinic	318,500
Routine service of 18 RRS Nissan Almera patrol vehicles for the 2nd quarter in 2019	271,600
Repair of 6 RRS troop Carrier No: Carrier 01,02,03,04,05 & 07	238,000
Labour charge on the routine service on 21 RRS vehicles	210,000
Repair of Toyota Hilux No RRS 379 LA attached to commander RRS	190,000
Routine service for 9 APCs SWAT 31, 36, 35, 24, 23, 34, 14, 39 and 17	180,000
Service parts for Ford Escape-RRS001LA	170,000

**LAGOS STATE SECURITY TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**11c Repairs and branding - continued**

	2019
	₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
Repair of 2 Nissan Almera Saloon cars (RRS 401 LA & RRS 389 LA)	160,000
Labour charge for the repairs of 1 Nissan Almera RRS 386 LA	150,000
Repair of APC (SWAT 35) located at APC secretariat Acme Road	120,000
Replacement of rear windscreen-RRS 382 LA	120,000
Repair of Toyota Hilux RRS 310 LA used for V.I.P special duties	111,000
Replacement of brake disc on RRS 002 LA @ 95,000 & clutch kit on RRS 110 LA	105,000
Cost of diagnosis & trouble shooting of one BMW motor bike with Coscharis motors	92,610
Labour charge for quarter 1 routine service of 8 Isuzu truck (01,02,03,04,05,06,07,08)	80,000
Repairs of Toyota Landcruiser APC SWAT 13 located at Ajegunle	80,000
Labour charge for quarter 2 routine service of 8 Isuzu truck (01,02,03,04,05,06,07,08)	80,000
Labour charge for quarter 3 routine service of 8 Isuzu truck (01,02,03,04,05,06,07,08)	80,000
Repair of two 2 RRS vehicles with call sign RRS 110 LA & RRS 075 LA	70,000
Replacement of windscreen on RRS 399 LA	40,000
Repair of 1 Corolla (RRS 171 LA) attached to the Commander	25,500
<b>Marine Police</b>	
Routine maintenance of 37 outboard Yamaha engines for the 1st quarter of 2019	4,107,000
2nd quarter routine service of 37 marine gunboats engines	3,857,000
4th quarter routine service of 37 outboard Yamaha engines for the marine	3,721,000
1st quarter routine service of 6 gunboats (12 inboard engines)	1,420,400
2nd quarter routine service of 6 marine gunboats engines (12 inboard engines)	1,420,400
4th quarter routine service of 6 marine gunboats engines (12 inboard engines)	1,420,400
Replacement of piston rings, propeller & welding of crank case on gunboat	650,000
<b>Nigerian Army</b>	
Support to 9 Brigade Nigerian Army towards the tombola night games organised for officers	50,000
<b>Lagos State Neighbourhood Safety Corps (LNSC)</b>	
Repairs of 17 vehicles	20,828,000
Refurbishment of Toyota Hilux pick up van KSF469AX	2,000,000
<b>State Security Service (SSS)</b>	
Refurbishment of 5 patrol vehicles for SSS	1,380,000
<b>Lagos State Police Command</b>	
Branding of 35 Sinoki bikes	319,000
Contribution for repair of accidented Nissan pickup van MUS 162 EU donated to Alausa division	300,000
	-----
	149,068,585
	=====
	2018
	₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
Parts for service of 164 patrol vehicles	6,295,600
Service parts for 151 patrol vehicles	5,924,500
Refurbishment of 8 Isuzu troop carrier trucks	5,880,000
Refurbishment of 4 vehicles	3,123,000
Repair & service of Toyota corolla RRS 106 LA	1,343,000
Repair of Toyota corolla RRS 181 LA	915,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 11c Repairs and branding - continued

	2018
<b>Lagos State Rapid Response Squad (RRS) - continued</b>	<b>₦</b>
Repair & servicing of 4 vehicles 075, 339, 043 & DL 395 ABJ	750,000
Re-enforcement of 50 Sinoki bikes chassis	700,000
Repairs of 5 vehicles for the RRS 071, 070, 046, 003 & 063	676,875
Repair & service of APC SWAT 12, SWAT 13, SWAT 36 & SWAT 38	650,000
Parts for the service of the RRS APC for the 1st quarter 2018	638,050
Routine service of RRS Motor bikes	615,000
Repair & servicing of APC (SWAT17) Toyota Land Cruiser & APC (SWAT 14)	580,000
Labour charge for routine service of 56 RRS patrol vehicles	560,000
Servicing of 74 RRS motorbikes for the RRS for 3rd quarter of 2018	555,000
Routine service of 74 Sinoki bikes for 2nd quarter in 2018	555,000
Labour charge for routine service of 51 RRS patrol vehicles	510,000
Refurbishment of 1 Hilux official vehicle attached to the Fund	500,000
Repair & service of Nissan Almera RRS405LA	451,000
Routine service of 60 RRS Motorbikes	450,000
Parts for routine service of 12 APC for the RRS operatives	442,200
Repair of 1 BMW motorbike with call sign RRS 430 LA	412,397
Service of the RRS Armoured Personnel Carriers for the 1st quarter 2018	400,000
Routine service of 40 RRS patrol vehicles for the 1st quarter 2018	400,000
Repair & Servicing of RRs vehicle Nos 392, 189 & 028	380,000
Repair & service of 4 units of 250HP Sinoki bikes	379,368
Routine service of 19 Nissan Almera patrol vehicles for the RRS operatives	368,600
Parts for routine service of 9 APC for the RRS-SWAT 36,23,24,10,31,17,16,12	357,100
Routine service of 32 RRS patrol vehicles for the 1st quarter 2018 & replacement of clutch disc	350,000
Routine service of 17 Nissan Almera vehicle and repair of RRS392LA, RRS386LA, RRS405	328,600
Replacement of tie rod & damper in RRS APC SWAT 041	285,000
Repairs & servicing of Ford F550 (APC SWAT 43) located at Adeniji Adele	250,000
Renewal of RRS website ( <a href="http://www.rrslagos.gov.ng">www.rrslagos.gov.ng</a> ) for 12 months	238,700
Repair of 3 Isuzu trucks for RRS; 02, 03, & 04	216,300
Labour charge for routine service of 21 RRS vehicles	210,000
Additional cost of repairs for Corolla RRS 045 LA	209,000
Labour charge for the routine service of 9 APCs for the RRS-SWAT 36, 23, 24, 10, 31, 1	200,000
Additional repairs on 5 RRS APCs	175,000
Labour charge for the routine service of 6 APC for the RRS	140,000
Labour charge for the routine service of 6 APC for the RRS	140,000
Replacement of clutch disc, clutch plate & release bearing on the RRS Carrier Trucks 06	130,000
Repair of 2 RRS patrol vehicles Nos RRS 349 LA & RRS 098 LA	124,000
Repair & servicing of Ford F550 (APC SWAT 41) located at Oshodi	110,000
Replacement of complete fuel distribution filter on SWAT 24 (Trinity) & SWAT 43	90,000
Replacement of engine pulley on Izuzu truck Carrier 05 for the RRS	85,000
Replacement of clutch disc & plate on Land cruiser RRS 110 LA	85,000
Replacement of engine pulley for 1 unit of Isuzu truck	85,000
Routine service of 8 RRS (Isuzu trucks) for the 1st Quarter	80,000
Servicing of 8 Isuzu Trucks troop carrier Nos 1-8	80,000
Repairs on 3 RRS vehicles RRS 019 LA, RRS 093 LA & RRS 189 LA	77,500
Financial assistance to PC Ofuani Michael (RRS Officer) for his swollen leg surgery	60,000
Replacement of Master down clutch/ release bearing on Toyota Corolla RRS 256 LA	55,000
Replacement of faulty clutch plate on RRS Carrier 01	55,000
<b>Lagos State Neighbourhood Safety Corp (LNSC)</b>	
Repairs of 19 operational vehicles in use by the LNSC	22,951,000
Service parts for 179(Nos) operational vehicles for LNSC	6,265,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

11c Repairs and branding - continued

		2018
		₦
<b>Marine Police</b>		
Routine service of 34 Marine outboard engines (Gun boats) for 1 <sup>st</sup> and 2 <sup>nd</sup> quarters		7,208,000
Repair & service of 34 units of Marine Police Yamaha engine for 3 <sup>rd</sup> quarter		3,224,632
Routine service of 6 Yamaha inboard engines for gunboats used by Marine Police		1,420,400
3rd routine service of 6 Yamaha inboard engine for Marine Police		1,420,400
Repairs of inboard engine of Gun boat PC 05 for Marine Police		799,500
Servicing of turbo charger for patrol gunboat PC19		120,000
<b>Lagos State Police Command</b>		
Training on data analysis from mobile phone & networks/ Information gathering enhancement		3,150,000
Body branding for 2 units of vehicles		250,000
Registration of 4 vehicles including Ambulance for Police Command		140,000
Re-issuance of cash reward to INSP. BAKAI		100,000
<b>Others</b>		
Financial support for youth security concert		500,000
Branding of 2 Mitsubishi pick-up vans donated by TOTAL E & P		500,000
Cash refunds by the Fund for minor expenditure incurred by the RRS		295,400
Branding of 154 rider's gear for security personnel		185,000
Financial support for security & safety seminar for children		150,000
Purchase of Fuel pump through direct labour		117,500
Additional parts for Ambulance (M.Benz) & Camry-LSR 74 DZ		50,000
		-----
		87,767,622
		=====
12 Employee benefits expense	2019	2018
	₦	₦
Salaries and allowances	21,682,400	22,427,030
Pension cost	678,000	729,000
	-----	-----
	22,360,400	23,156,030
	=====	=====
13 Rent expenses		
Office rent	-	3,951,714
Right of use asset depreciation	3,750,000	-
Service charge	2,396,215	1,807,480
	-----	-----
	6,146,215	5,759,194
	=====	=====
14 Other operating expenses		
Audit and other professional fees	10,000,000	10,000,000
Bank charges	275,988	195,943
Board of Trustees severance allowances	70,000,000	-
General office expenses	10,838,695	6,222,504
Insurance	4,109,292	2,894,231
Mid-year and annual Town hall meeting on security	33,547,820	2,500,000
Other office expenses	12,636,306	10,010,854
Public enlightenment and awareness	556,646	1,303,915
Advertisement and publicity	1,046,680	-
Trustees' remuneration	1,330,000	1,940,000
	-----	-----
	144,341,428	35,067,447
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Taxation

The income of LSSTF is exempted from income tax in accordance with Section 15 of the Lagos State Security Trust Fund Law.

16 Property and equipment

	Office furniture & equipment ₦	Computer equipment ₦	Motor vehicles ₦	Leasehold Improvements	Total ₦
<b>Cost</b>					
As at 1 January 2018	13,950,091	4,834,317	26,000,000	2,343,375	47,127,783
Additions	500,000	-	33,195,000	-	33,695,000
<b>As at 31 December 2018</b>	<b>14,450,091</b>	<b>4,834,317</b>	<b>59,195,000</b>	<b>2,343,375</b>	<b>80,822,783</b>
Additions	-	-	23,457,500	-	23,457,500
Disposals	-	-	(4,300,000)	-	(4,300,000)
<b>As at 31 December 2019</b>	<b>14,450,091</b>	<b>4,834,317</b>	<b>78,352,500</b>	<b>2,343,375</b>	<b>99,980,283</b>
<b>Depreciation</b>					
As at 1 January 2018	7,439,021	2,805,922	12,231,249	859,239	23,335,431
Charge for the year	3,015,981	1,482,465	5,425,000	468,675	10,392,121
<b>As at 31 December 2018</b>	<b>10,455,002</b>	<b>4,288,387</b>	<b>17,656,249</b>	<b>1,327,914</b>	<b>33,727,552</b>
Charge for the year	2,989,349	472,303	18,122,031	468,675	22,052,358
Disposal	-	-	(4,300,000)	-	(4,300,000)
<b>As at 31 December 2019</b>	<b>13,444,351</b>	<b>4,760,690</b>	<b>31,478,280</b>	<b>1,796,589</b>	<b>51,479,910</b>
<b>Net Book Value</b>					
At 31 December 2019	1,005,741	73,628	46,874,220	546,786	48,500,374
At 31 December 2018	3,995,089	545,930	41,538,751	1,015,461	47,095,231



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2019	2018
	₦	₦
17 Intangible assets		
Cost		
At 1 January	450,000	450,000
Additions	-	-
At 31 December	----- 450,000	----- 450,000
	=====	=====
Accumulated amortisation and impairment		
At 1 January	420,750	272,250
Amortisation for the year	29,250	148,500
At 31 December	----- 450,000	----- 420,750
	=====	=====
Net book value		
At 31 December	-	29,250
	=====	=====

	2019	2018
	₦	₦
18 Inventories		
33 JAC T6 vans	379,500,000	-
1000 Intel handsets (with sim cards)	15,000,000	-
1 Yamaha outboard engine	6,900,000	-
Police uniform fabric material (in rolls)	6,441,657	-
Police accoutrements	3,109,005	-
89 Riders boots	2,670,000	2,670,000
89 Helmet	2,314,000	2,314,000
89 Riders jacket	1,424,000	1,424,000
89 Riders kneel guard	667,500	667,500
89 Riders hand gloves	445,000	445,000
30 Crash helmets	240,000	-
2 Mitsubishi vans	-	25,000,000
1 fully equipped Nissan Almera van	-	10,940,000
	----- 418,711,162	----- 43,460,500
	=====	=====

Inventory represents items received from donors and/or purchased but not yet distributed to approved security agencies.

	2019	2018
	₦	₦
19 Account receivables		
Pledged donations	600,000	2,500,000
	----- 600,000	----- 2,500,000
	=====	=====

	2019	2018
	₦	₦
20 Debt instruments at amortised cost		
Nigerian Treasury Bills	-	139,063,236
Allowance for expected credit losses	-	(1,850,518)
	----- -	----- 137,212,718
	=====	=====

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - continued

Impairment allowance for debt instrument at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Grade	Stage 1	Stage 2	Stage 3	Total
	High Grade			
	₦	₦	₦	₦
Gross carrying amount as at 1 January 2018	56,476,571	-	-	56,476,571
New asset purchased	290,402,475	-	-	290,402,475
Assets derecognised or repaid	(207,815,810)	-	-	(207,815,810)
<b>At 31 December 2018</b>	<b>139,063,236</b>	<b>-</b>	<b>-</b>	<b>139,063,236</b>

<i>Internal rating grade of "2" high grade</i>	Stage 1	Stage 2	Stage 3	Total
	₦	₦	₦	₦
ECL allowance as at 1 January 2018	581,551	-	-	581,551
New asset purchased	1,850,518	-	-	1,850,518
Assets derecognised or matured	(581,551)	-	-	(581,551)
<b>At 31 December 2018</b>	<b>1,850,518</b>	<b>-</b>	<b>-</b>	<b>1,850,518</b>

21	Other assets	2019	2018
		₦	₦
	Cash advance	30,257,600	-
	Prepaid insurance	888,976	1,044,087
	Prepaid office rent	-	8,750,000
	Prepaid others	173,509	569,724
		-----	-----
		31,320,085	10,363,811
		=====	=====

Cash advance was made for the supply of 1680 pairs of operational boots, 132 pairs of black lace shoes and 100 sets of base radio sets which was not delivered before year end.

22	Right of use assets	2019	2018
		₦	₦
	<b>Office space</b>		
	<b>Cost</b>		
	Effect of adoption of IFRS 16	8,750,000	-
	Additions	-	-
		-----	-----
		8,750,000	-
		-----	-----
	<b>Accumulated depreciation</b>		
	Balance at beginning of year	-	-
	Depreciation for the year	(3,500,000)	-
		-----	-----
	Balance	(3,500,000)	-
		-----	-----
	Carrying amount	5,000,000	-
		=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

23 Cash and short-term deposits	2019	2018
	₦	₦
Cash on hand	182,470	414,140
Cash at Banks		
Access Bank Plc	160,500,274	141,454,666
Coronation Bank Plc	54,010,029	4,010,029
Diamond Bank Plc	-	9,341,706
Fidelity Bank Plc	4,796,399	48,697,839
First City Monument Bank	48,760,690	-
First Bank of Nigeria Ltd	137,226,539	54,859,104
Guaranty Trust Bank Plc	182,975,820	33,507,347
Heritage Bank	843,140	842,232
Polaris Bank Limited	30,542,084	29,348,968
Providus Bank Limited	65,436,834	8,238,783
Stanbic IBTC	46,313,803	50,032,499
Sterling Bank Plc	23,031,721	47,743,387
United Bank of Africa Plc	81,993,953	47,380,917
Wema Bank Plc	33,432,807	9,092,700
Zenith Bank Plc	190,692,652	193,132,850
	-----	-----
	1,060,739,215	678,097,167
Allowance for expected credit losses	(27,512)	(85,608)
	-----	-----
	1,060,711,703	678,011,559
	=====	=====

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2019	2018
	₦	₦
Cash on hand	182,470	414,140
Cash at bank	902,570,907	199,541,580
Short-term deposits	157,985,838	478,141,447
	-----	-----
	1,060,739,215	678,097,167
Less expected credit losses on short-term investments	(27,512)	(85,608)
	-----	-----
	1,060,711,703	678,011,559
	=====	=====

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 23 Cash and short-term deposits - continued

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

## 2019

	Stage 1 ₦	Stage 2 ₦	Stage 3 ₦	Total ₦
Gross carrying amount as at 1 January	478,141,447	-	-	478,141,447
New asset purchased	157,985,838	-	-	157,985,838
Assets derecognised or matured	(478,141,447)	-	-	(478,141,447)
<b>At 31 December</b>	<b>157,985,838</b>	<b>-</b>	<b>-</b>	<b>157,985,838</b>

	Stage 1 ₦	Stage 2 ₦	Stage 3 ₦	Total ₦
<i>Internal rating grade of "1" high grade</i>				
ECL allowance as at 1 January	85,608	-	-	85,608
New asset purchased	27,512	-	-	27,512
Assets derecognised	(85,608)	-	-	(85,608)
<b>At 31 December</b>	<b>27,512</b>	<b>-</b>	<b>-</b>	<b>27,512</b>

## 2018

	Stage 1 ₦	Stage 2 ₦	Stage 3 ₦	Total ₦
Gross carrying amount as at 1 January 2018	397,070,053	-	-	397,070,053
New asset purchased	478,141,447	-	-	478,141,447
Assets derecognised or matured	(397,070,053)	-	-	(397,070,053)
<b>At 31 December 2018</b>	<b>478,141,447</b>	<b>-</b>	<b>-</b>	<b>478,141,447</b>

	Stage 1 ₦	Stage 2 ₦	Stage 3 ₦	Total ₦
<i>Internal rating grade of "1" high grade</i>				
ECL allowance as at 1 January 2018	65,371	-	-	65,371
New asset purchased	85,608	-	-	85,608
Assets derecognised	65,371	-	-	65,371
<b>At 31 December 2018</b>	<b>85,608</b>	<b>-</b>	<b>-</b>	<b>85,608</b>

	2019 ₦	2018 ₦
24 Accounts payable		
Audit fees	10,000,000	10,000,000
Other accrued expenses (Note 23.1)	17,015,616	5,830,791
	=====	=====
	27,015,616	15,830,791
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Accounts payable - continued

24.1 Included in other accrued expenses as at 31 December are

	2019 ₦
Balance on repair of 17 vehicles for the LNSC LNSA Interventions	6,248,400
Other accruals	4,943,216
4th quarter routine service of 37 outboard Yamaha engines for the marine police	3,721,000
Balance on the digitalization of office documents from inception	1,200,000
Balance on repairs/service of 7 APCs for RRS (SWATs 41, 43, 12,10, 37, 38, 32)	507,000
Balance on supply of 6,000 litres of AGO to Marine police for December 2019	396,000
	-----
	17,015,616
	=====

	2018 ₦
Other accruals relate to unpaid portion of vendors' invoices	5,830,791
	=====

Account payables are non-interest bearing and normally settled on 30 to 90-day terms.

	2019 ₦	2018 ₦
25 Deferred income		
Government grant	3,414,929	10,027,904
Others	418,750	2,093,750
	-----	-----
	3,833,679	12,121,654
	=====	=====

25.1 Classification of deferred income

	2019 ₦	2018 ₦
Current	3,833,679	9,044,052
Non-current	-	3,077,602
	-----	-----
	3,833,679	12,121,654
	=====	=====

Government grants are items of property and equipment received from Lagos State Government for operational use of the Fund. There are no unfulfilled conditions or contingencies attached to these grants.

25.2 Deferred income movement schedule

	Government grant ₦	Others ₦	Total ₦
At 1 January 2018	17,396,956	3,768,750	21,165,706
Released to statement of income and expenditure	(7,369,052)	(1,675,000)	(9,044,052)
	-----	-----	-----
At 31 December 2018	10,027,904	2,093,750	12,121,654
Released to statement of income and expenditure	(6,612,976)	(1,675,000)	(8,287,976)
	-----	-----	-----
At 31 December 2019	3,414,928	418,750	3,833,678
	=====	=====	=====

**LAGOS STATE SECURITY TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**26 Employees' remuneration**

The numbers of employees of the Fund, in receipt of emoluments within the following ranges were:

	2019 Number	2018 Number
100,000 - 1,000,000	3	3
1,000,001 - 2,000,000	-	1
2,000,001 - 6,000,000	3	3
6,000,000 - 9,000,000	1	1
	-----	-----
	7	8
	===	===

The aggregate cost of these employees was:

	2019 ₦	2018 ₦
Salaries and wages	22,360,400	23,156,030
	=====	=====

**27 Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions or one other party controls both. This definition includes key management personnel as well. The Fund is related to Lagos state Government through its involvement in the appointment of the chairman and other members of the board.

The Fund has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances.

	2019 ₦	2018 ₦
Compensation of key management personnel of the Fund		
The key management personnel have been identified as the Board of Trustees of the Fund		
Short-term employee benefits	1,330,000	1,940,000
Board of Trustees severance package	70,000,000	-
	-----	-----
	71,330,000	1,940,000
	=====	=====

The above represents remuneration paid to the Trustees of the Fund. Some of the members of the Board of Trustees waived their rights to receive remuneration from the Fund during the year.

**28 Fair value of financial assets and liabilities**

Other than items that are measured at fair value upon initial recognition, no assets or liabilities are subsequently measured at fair value in the financial statements. In addition, the fair value of financial assets and liabilities subsequently measured at amortised cost approximate their carrying value at the end of the reporting period. Hence, no fair value disclosure is provided in the financial statements.

**29 Risk management**

**a. Overview**

The Fund's principal financial liabilities are its account payables. The Fund's financial assets include its account receivables, and bank balances.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 29 Risk management - continued

The Fund is likely exposed to the following risks from its financial instruments held:

- Credit Risk
- Liquidity Risk
- Market Risk

The Fund's senior management oversees the management of these risks. The Board of Trustees reviews policies for managing each of these risks.

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

Further quantitative disclosures are included throughout these financial statements.

#### **Credit risk (IFRS7 Revised)**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This is the risk that a third party will default on its obligation to the Fund, causing the Fund to incur a loss. Financial instruments which may subject the Fund to credit risk consist of Fund balances and treasury bills. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments.

#### **Expected credit loss measurement - other financial assets**

The Fund applied the general approach in computing expected credit losses (ECL) for treasury bills and short-term deposits. The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and lifetime PDs are derived by mapping the internal rating grade of the obligor to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs, etc. - are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Risk management - continued

Credit risk (IFRS7 Revised) - continued

**Analysis of inputs to the ECL model under multiple economic scenarios**

An overview of the approach to estimating ECLs is set out in Note 2.3e Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Fund obtains the data used from third party sources (e.g. Standards and Poor's) and a team of expert verifies the accuracy of inputs to the Fund's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Fund's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2018 and 31 December 2019.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December, 2019

Key drivers	Assigned Probabilities	ECL Scenario	2020	2021	2022	2023
GDP growth %		Upturn	0.29	0.32	0.35	0.38
		Base	19.00	0.15	0.16	0.14
		Downturn	0.11	0.08	0.05	0.02
Oil Price %		Upturn	59.00	62.00	65.00	68.00
		Base	57.00	62.00	54.00	56.00
		Downturn	41.00	38.00	35.00	32.00
Exchange rate %		Upturn	175.00	170.00	165.00	160.00
		Base	209.48	219.95	230.95	242.49
		Downturn	214.99	225.74	237.02	248.87
Inflation rate %		Upturn	24.00	22.00	20.00	18.00
		Base	32.00	33.00	34.00	35.00
		Downturn	36.00	38.00	40.00	42.00



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Risk management - continued

Credit risk (IFRS7 Revised) - continued

Analysis of inputs to the ECL model under multiple economic scenarios - continued

31 December 2018

Key drivers	Assigned Probabilities	ECL Scenario	2019	2020	2021	2022
<b>GDP growth</b>						
		Upturn	0.26	0.29	0.32	0.35
		Base	0.20	19.00	0.15	0.16
		Downturn	0.14	0.11	0.08	0.05
<b>Oil Price %</b>						
		Upturn	56.00	59.00	62.00	65.00
		Base	55.00	57.00	62.00	54.00
		Downturn	44.00	41.00	38.00	35.00
<b>Exchange rate %</b>						
		Upturn	180.00	175.00	170.00	165.00
		Base	199.50	209.48	219.95	230.95
		Downturn	204.75	214.99	225.74	237.02
<b>Inflation rate %</b>						
		Upturn	26.00	24.00	22.00	20.00
		Base	31.00	32.00	33.00	34.00
		Downturn	34.00	36.00	38.00	40.00

In assessing the bank's internal rating process, the bank's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the bank's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.
- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the bank's performance.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

29 Risk management - continued

Credit risk (IFRS7 Revised) - continued

Analysis of inputs to the ECL model under multiple economic scenarios - continued

The table below shows the bank's internal credit rating grades.

Internal rating grade	Internal rating description	12-month PD range	Implied S&P rating
1	High grade	0.00% - 0.58%	Very Good+
2	High grade	0.58% - 1.42%	Very Good
3	High grade	1.42% - 2.43%	Very Good-
4	Standard grade	2.43% - 16.3%	Good+
5	Standard grade	16.3% - 28.05%	Good
7	Sub-standard grade	28.05%-41.03%	Average+
8	Past due but not impaired	41.03% - 100	Bad
<b>Non- performing</b>			
9	Individually impaired	100%	Very Bad

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2019	Short-term Investment	Treasury Bills	Total
	₦	₦	₦
Upside	3,026	-	3,026
Base	21,866	-	21,866
Downside	2,620	-	2,620
<b>Total</b>	<b>27,512</b>	<b>-</b>	<b>27,512</b>

31 December 2018	Short-term Investment	Treasury Bills	Total
	₦	₦	₦
Upside	8,561	185,052	193,613
Base	68,486	1,480,414	1,548,901
Downside	8,561	185,052	193,613
<b>Total</b>	<b>85,608</b>	<b>1,850,518</b>	<b>1,936,126</b>

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This is risk that the Fund will encounter difficulty raising liquid funds to meet commitments as they fall due.

The Fund has ongoing commitments to pay account payables. The Fund pays account payables when they fall due. The Fund has cash and other short-term deposits that it can use to meet its ongoing payment obligations. Refer to Note 23 for account payables and Note 19 and 22 for account receivables and cash and short-term deposits.

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 29 Risk management- continued

## Liquidity risk - continued

All account payable matures within 12 months.

*Contractual maturities of assets and liabilities*

The table below shows the cash flows on the Fund's assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual cash flow on the Fund's liability or commitment.

	Carrying amount ₦	Contractual cashflow ₦	Less than 1 month ₦	1 - 3 months ₦
<b>31 December 2018</b>				
<i>Assets</i>				
Cash and cash equivalents	1,060,711,703	1,060,711,703	1,060,711,703	-
Account receivables	600,000	600,000	-	600,000
Debt instrument at amortised cost	-	-	-	-
	<u>1,061,311,703</u>	<u>1,061,311,703</u>	<u>1,060,711,703</u>	<u>600,000</u>
<i>Liabilities</i>				
Account payables	27,105,616	27,105,616	-	27,105,616
	<u>27,105,616</u>	<u>27,105,616</u>	<u>-</u>	<u>27,105,616</u>
Liquidity surplus	1,033,606,087	1,033,606,087	1,060,711,703	(26,505,616)
Cumulative liquidity surplus			<u>1,060,711,703</u>	<u>1,033,606,087</u>

	Carrying amount ₦	Contractual cashflow ₦	Less than 1 month ₦	1 - 3 months ₦
<b>31 December 2018</b>				
<i>Assets</i>				
Cash and cash equivalents	678,011,559	678,011,559	678,011,559	-
Account receivables	2,500,000	2,500,000	-	2,500,000
Debt instrument at amortised cost	137,212,718	137,212,718	-	137,212,718
	<u>817,724,277</u>	<u>817,724,277</u>	<u>678,011,559</u>	<u>139,712,718</u>
<i>Liabilities</i>				
Account payables	15,830,791	15,830,791	-	15,830,791
	<u>15,830,791</u>	<u>15,830,791</u>	<u>-</u>	<u>15,830,791</u>
Liquidity surplus	801,893,486	801,893,486	678,011,559	123,881,927
Cumulative liquidity surplus			<u>678,011,559</u>	<u>801,893,486</u>

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 29 Risk management- continued

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market variables such as interest rates, foreign exchange rate and equity prices. The Fund is not exposed to any market risk because the fund only has placement in short term placement which has a fixed interest rate between the periods the placement is made and when it matures.

#### 30 Commitments and Contingencies

##### Operating lease commitments:

The Fund currently leases office space under a 3-years lease agreement. Rental was prepaid at the time of the lease execution. The lease arrangement is not a non-cancellable lease. The contract is subject to advance withdrawal and renegotiation on annual renewal date. During the year ended 31 December 2018 ₦3,750,000 (2018: ₦3,951,714) was expensed in the statement of income or expenditure in respect of the operating lease.

##### Contingencies

There were no contingencies as at year ended 31 December 2019 (2018: nil).

#### 31 Events after the reporting dates

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

As the outbreak continues to progress and evolve, it is challenging at this juncture, to predict the full extent and duration of its business and economic impact. Consequently, these circumstances may present challenges when preparing IFRS financial statements.

The Fund provides support to security agencies with the donations received from corporates, government and other individuals. The impact of the COVID-19 on the Fund is most likely a reduction in donations due to the likely negative impact of the pandemic on majority of the Fund's regular donors and a significant increase in the demand for support from security agencies as a result of the increased security challenges in the country. None of this currently affects the 2019 financial statements quantitatively. Management concludes that the event did not provide evidence of conditions that existed at the end of the reporting period and assess it as non-adjusting.

Accordingly, the statement of financial position, financial performance and cashflows for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position, financial performance and cashflows of the Company for future periods.

#### 32 Capital Management

The Fund has its equity, being the net assets represented by accumulated funds. The primary objective of the Fund's capital management policy is to ensure healthy accumulated funds are maintained in order to support its activities. The Fund manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for external borrowings.

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF VALUE ADDED

	31 DECEMBER 2019 N		31 DECEMBER 2018 N	
Gross income	4,215,497,528		2,796,738,398	
Bought in goods & other services - local	(3,527,872,116)		(2,463,536,177)	
	-----		-----	
Value added	687,625,412	100%	333,202,221	100%
	=====	=====	=====	=====
Applied as follows:				
Employees:				
Employee benefit expense	22,360,400	3	23,156,030	7%
Retained for future expansion:				
Depreciation & amortization	22,081,608	3	10,540,621	3%
Surplus for the year	643,183,404	94	299,505,570	90%
	-----		-----	
	687,625,412	100%	333,202,221	100%
	=====	=====	=====	=====

The value added represents the wealth generated through the use of the Fund's assets by its employees.

LAGOS STATE SECURITY TRUST FUND  
FIVE YEAR FINANCIAL SUMMARY

	IFRS				
	31 December 2019 ₦	31 December 2018 ₦	31 December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦
<b>Financial results</b>					
Gross income	4,215,497,528	2,796,738,398	2,215,553,906	1,500,617,305	6,192,773,507
Total expenditure	(3,572,314,124)	(2,497,232,828)	(2,252,468,779)	(1,324,727,339)	(5,884,621,508)
Surplus/(deficit) for the year	<u>643,183,404</u> =====	<u>299,505,570</u> =====	<u>(36,914,873)</u> =====	<u>175,889,966</u> =====	<u>308,151,999</u> =====
<b>Financial position</b>					
Accumulated funds	<u>1,533,904,028</u> =====	<u>890,720,624</u> =====	<u>591,861,974</u> =====	<u>628,776,849</u> =====	<u>452,886,883</u> =====
<b>Employment of funds</b>					
Non-current assets	48,500,374	47,124,481	23,970,102	34,950,552	3,309,548
Current assets	1,516,342,949	871,548,588	669,769,730	681,170,654	482,496,630
Non-current liabilities	-	(3,077,602)	(12,121,654)	(21,165,706)	-
Current liabilities	<u>(30,939,295)</u> =====	<u>(24,874,843)</u> =====	<u>(89,756,204)</u> =====	<u>(66,178,651)</u> =====	<u>(32,919,295)</u> =====
	<u>1,533,904,028</u> =====	<u>890,720,624</u> =====	<u>591,861,974</u> =====	<u>628,776,849</u> =====	<u>452,886,883</u> =====