

**LAGOS STATE SECURITY TRUST FUND**  
**REPORT OF THE TRUSTEES**  
**AUDITED ANNUAL FINANCIAL STATEMENTS**  
**AND**  
**OTHER NATIONAL DISCLOSURES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**LAGOS STATE SECURITY TRUST FUND**

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

**FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Legal and administrative information	3
Report of the Trustees	5
Statement of Trustees' responsibilities in relation to the preparation of financial statements	7
Independent Auditor's report	8
Statement of income and expenditure	11
Statement of financial position	12
Statement of changes in net asset value	13
Statement of cash flows	14
Notes to the financial statements	15
Other national disclosures	
Statement of value added	47
Five-year financial summary	48

**LAGOS STATE SECURITY TRUST FUND**  
**LEGAL AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Registered Office**

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

**Board of Trustees**

Mr. Kehinde Durosinmi-Etti  
Mr. Segun Agbaje  
Mr. Ebenezer Onyeagwu  
Dr. Adesola Kareem Adeduntan  
Mr. Emeka Onwuka, OON  
Mr. Tayo Akinmade Ayinde  
Engr. Omotayo Bamgbose-Martins  
DIG Agboola Oshodi-Glover (Rtd)  
Otunba Niyi Adewunmi  
Dr. Ayodele Ogunsan

Chairman  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member

**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 Limited  
Alausa Secretariat Branch  
Ikeja, Lagos

Access Bank Plc  
183 Obafemi Awolowo Way  
Ikeja, Lagos

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

United Bank for Africa Plc  
15, Industrial Avenue  
Ilupeju

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

Providus Bank Plc  
Plot 724 Adetokunbo Ademola Street  
Victoria Island  
Lagos

Fidelity Bank Plc  
84, Ladipo Street  
Matori, Lagos

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

**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**Bankers (continued)**

First City Monument Bank  
Motorway Building  
Opposite Seven-Up Bottling Company  
Ikeja, 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 2021

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2021, 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 deficit for the year of ~~N~~218.2 million (2020: ~~N~~525.6 million deficit) 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. 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

#### **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.

**LAGOS STATE SECURITY TRUST FUND**

**REPORT OF TRUSTEES - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**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

12 September 2022

## LAGOS STATE SECURITY TRUST FUND

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

FOR THE YEAR ENDED 31 DECEMBER 2021

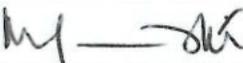
The Lagos State Security Trust Fund Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Fund at the end of the year and of its deficit. This responsibility includes:

- 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 2021. 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/00000001737

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

12 September 2022

**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 financial statements of Lagos State Security Trust Fund (“The Fund”) which includes the statement of financial position as at 31 December 2021, 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 2021, 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 skepticism 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 Elumaro, FCA  
FRC/2012/ICAN/00000000139  
For: Ernst & Young  
Lagos, Nigeria



16 September 2022

**LAGOS STATE SECURITY TRUST FUND**  
**STATEMENT OF INCOME AND EXPENDITURE**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 ₦	2020 ₦
<b>Income</b>			
Donations in cash:			
From public officers and government agencies	5a	106,575,000	50,000
From private bodies	5b	935,512,407	238,874,864
		-----	-----
		1,042,087,407	238,924,864
		-----	-----
Donations in kind:			
From private bodies	6a	-	467,500,000
Direct donations to security agencies	6b	1,908,116,000	1,612,320,000
		-----	-----
		1,908,116,000	2,079,820,000
		-----	-----
Other income	7	16,423,773	6,996,906
Interest income calculated using the effective interest method	8	497,336	1,014,565
		-----	-----
		16,921,109	8,011,471
		-----	-----
Gross income		2,967,124,516	2,326,756,335
		-----	-----
<b>Expenditure</b>			
Support to security agencies	9	(3,057,831,945)	(2,735,071,196)
Employee benefits expense	10	(34,463,400)	(25,479,688)
Depreciation of right of use assets	17	(3,700,000)	(3,750,000)
Other operating expenses	11	(74,456,128)	(69,431,022)
Depreciation of property and equipment	13	(14,917,316)	(18,672,836)
		-----	-----
<b>Total expenses</b>		(3,185,368,789)	(2,852,404,742)
		-----	-----
<b>Deficit for the year</b>		(218,244,273)	(525,648,407)
		=====	=====

The notes on pages 15 to 46 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND

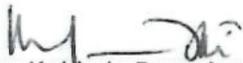
STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 ₦	2020 ₦
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	13	19,306,247	31,103,563
Right of use assets	14	10,150,000	1,250,000
<b>Current assets</b>			
Inventories	15	156,122,877	247,511,161
Account receivables	16	195,999	45,899
Other assets	17	4,190,764	2,265,822
Cash and short-term deposits	18	681,817,606	743,456,066
<b>Total assets</b>		871,783,493	1,025,632,511
<b>Equity and liabilities</b>			
Accumulated Fund		790,101,349	1,008,345,622
<b>Total equity</b>		790,101,349	1,008,345,622
<b>Liabilities</b>			
<b>Current liabilities</b>			
Account payables	19	81,682,144	17,208,116
Deferred income	20	-	78,773
<b>Total liabilities</b>		81,682,144	17,286,889
<b>Total equity and liabilities</b>		871,783,493	1,025,632,511

The notes on pages 15 to 46 form part of these financial statements

The financial statements on pages 11 to 46 were approved and authorised for issue by the Board of Trustees on 12 September 2022 and were signed on its behalf by:

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

  
 Dr. Abdurrazaq 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 2021

₦

For the year ended 31 December 2021

Fund at 1 January 2021	1,008,345,622
Deficit for the year	(218,244,273)
	-----
At 31 December 2021	790,101,349
	=====

₦

For the year ended 31 December 2020

Fund at 1 January 2020	1,533,994,029
Deficit for the year	(525,648,407)
	-----
At 31 December 2020	1,008,345,622
	=====

**LAGOS STATE SECURITY TRUST FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 ₦	2020 ₦
<b>Deficit for the year</b>		(218,244,273)	(525,648,407)
Non-cash adjustment to reconcile surplus to net cash flows			
Depreciation of property and equipment	13	14,917,316	18,672,836
Depreciation of ROU assets	17	3,700,000	3,750,000
Gain on disposal of property and equipment	7	(295,000)	(18,000)
Working capital adjustments:			
Decrease in inventories		91,388,284	171,200,000
(Increase)/decrease in accounts receivable		(150,100)	554,100
(Increase)/decrease in other assets		(1,924,942)	29,054,263
Increase/(decrease) in accounts payable		64,474,028	(9,807,500)
Decrease in deferred income		(78,773)	(3,754,906)
<b>Cash used in operations</b>		(46,213,460)	(315,997,614)
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	13	(3,120,000)	(1,276,025)
Acquisition of Right of Use Asset	17	(12,600,000)	-
Proceed on disposal of property and equipment		295,000	18,000
<b>Cash used in investing activities</b>		(15,425,000)	(1,258,025)
Decrease in cash and cash equivalents		(61,638,460)	(317,255,639)
<b>Cash and cash equivalents at 1 January</b>		743,456,066	1,060,711,703
<b>Cash and cash equivalents at 31 December</b>	18	681,817,606	743,456,066

## 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 2021 were authorised for issue in accordance with a resolution of the Board of Trustees on 12 September 2022.

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 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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### a) Property and equipment - continued

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.

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 unredeemed 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.

## LAGOS STATE SECURITY TRUST FUND

### 2.3 Summary of significant accounting policies - continued

#### 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.

#### (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 marketplace (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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### e) Financial Instrument - continued

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

###### *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

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 24

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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### e) Financial Instrument - continued

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

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

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

###### *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.

###### *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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### 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.

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:

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### g) Fair value measurement - continued

- ▶ 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.

##### 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) Leases

The Fund applies a single recognition and measurement approach for its lease. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying 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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### k) 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:

##### *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:

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

Significant Accounting judgments, estimates and assumptions - continued

Estimates and assumptions - continued

*Impairment losses on other financial assets - continued*

- ▶ 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 and equipment*

The Fund carries its property 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.

#### IFRS 16 Leases

##### As a lessee

At contract inception the Fund assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Fund recognises a right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Fund by the end of the lease term or the cost of the right-of-use asset reflects that the Fund will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Fund determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability are fixed payments, including in-substance fixed payments relating to the lease. The lease liability is measured at amortised cost using the effective interest method.

The Fund presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 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.

##### (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 2023, 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) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability does not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendment is not expected to have a significant impact on the Fund's financial statements.

##### (iii) Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively and the Fund is not expected to be affected.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### (iv) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have an impact on the Fund.

##### (v) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and is not expected to have any impact on the Fund.

##### (vi) IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. This amendment will currently have no impact on the financial statements of the Fund.

##### (vii) IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Fund.

##### (viii) IAS 41 Agriculture - Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have any impact on the Fund.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 5 Donations in cash

##### 5a Donations from public officers and government agencies:

	2021	2020
	₦	₦
<b>Donors</b>		
Lagos State Lotteries & Gaming Authority	106,575,000	-
Debt Management Office (Lagos)	-	50,000
	-----	-----
	106,575,000	50,000
	=====	=====

##### 5b Donations in cash from private bodies:

<b>Donor</b>		
Zenith Bank Plc	500,000,000	-
KC Gaming Net	200,000,000	-
Winners Golden Chance	100,000,000	-
Adeyemi Idowu	50,000,000	50,000,000
First City Monument Bank	30,000,000	30,000,000
Council of Obas and Chief	20,000,000	-
Chief Leonard Nnamdi	15,000,000	-
WEMA Bank	10,000,000	-
Leadway Assurance Limited	5,000,000	5,000,000
Ports & Cargo Handlings Service Company	2,500,000	-
STL Trustees	1,000,000	-
Emadeb Energy Services	1,000,000	-
Ashaka Energy Services	500,000	-
ALPSN-Association of Licensed Private Security of Nigeria	250,000	-
Khpdor Jamal El-Ammouri	150,000	-
HRM Oba Shotobi Kabiru	100,000	100,000
Anonymous donor	12,407	33,864
Fidelity Bank Plc	-	50,000,000
Providus Bank Ltd	-	50,000,000
Polaris Bank	-	35,000,000
Variant Advisory Limited	-	10,000,000
Metropolitan Construction Co.	-	2,000,000
Jubaili Bros Engineering Company Ltd	-	1,500,000
Defensive & Protective Concepts Ltd	-	1,000,000
Orange Island Dev. Co. Ltd.	-	1,000,000
Harmony Abbattoir Mgt. Services	-	1,000,000
Alh. Adeola Musiliu Smith (DIG.)	-	500,000
Ecart Payables Account	-	500,000
Proton Security Services Ltd	-	500,000
Prof. Amuwo Shafideen	-	250,000
Engr. Jihad Anzieh	-	150,000
Abdullahi Ahmed Kabiru	-	100,000
Alh. Waheed Kassim	-	100,000
Mrs. Yetunde Akinluyi	-	50,000
Aforole Chinyere	-	50,000
Mrs Ayo Shotonwa	-	20,000
Gberevbie Andrew Omamuromu	-	10,000
Boladale Salawe	-	5,000
Ringo Starr	-	5,000
Adeola Alabi	-	1,000
	-----	-----
	935,512,407	238,874,864
	=====	=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

6	<b>Donations in kind</b>	2021	2020
		₦	₦
6a	<b>Donations from private bodies:</b>		
	Dangote Group - 35 GAC Saloon Cars (Trumpchi GA4)	-	234,500,000
	NNPC & SNEPCO - 16 GS4 SUVs	-	176,000,000
	Chief Diana Chen Foundation - 5 Mini Trucks	-	35,000,000
	Elizade (Autoland) Nig. - 2 JAC Pickup Vans	-	22,000,000
		-----	-----
		-	467,500,000
		=====	=====
6b	<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:		
		2021	2020
		₦	₦
	Supply of 7.6m litres (2020: 7.6m litres) of Premium Motor Spirit (PMS)	1,252,152,000	1,100,376,000
	Supply of 2.05m litres (2020: 2.05m litres) of Automated Gasoline Oil (AGO)	654,720,000	511,500,000
	Supply of 6 drums (2020: 6 drums) of Lubricants	444,000	444,000
	Donation of 100 life jackets by Lagferry	800,000	-
		-----	-----
		1,908,116,000	1,612,320,000
		=====	=====
7	<b>Other income</b>		
	Town hall meeting sponsorship	14,000,000	-
	Vendors' registration fee	2,128,773	475,000
	Gain on disposal of PPE	295,000	18,000
	Grants from Lagos State Government	-	3,754,906
	Gain on sale of scraps	-	1,090,000
	Others	-	1,659,000
		-----	-----
		16,423,773	6,996,906
		=====	=====
8	<b>Interest income calculated using effective interest method</b>		
	Interest from fixed deposit	497,336	1,014,565
		-----	-----
		497,336	1,014,565
		=====	=====
9	<b>Support to security agencies</b>	2021	2020
		₦	₦
	Donated vehicles, equipments and other supplies issued to security agencies (Note 9a)	2,045,816,000	1,858,540,000
	Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b)	765,448,305	748,204,363
	Repairs and branding (Note 9c)	246,567,640	126,326,833
	RRS running cost	-	2,000,000
		-----	-----
		3,057,831,945	2,735,071,196
		=====	=====
9a	<b>Donated vehicles, equipment and other supplies issued to security agencies</b>	2021	2020
	<b>Beneficiaries</b>	₦	₦
	<b>RRS, LASTMA, LASEMA, Lagos Police command, LNSC, etc.</b>		
	Supply of 7.6m litres (2020: 7.6m litres) of Premium Motor Spirit (PMS)	1,252,152,000	1,100,376,000
	Supply of 2.05m litres (2020: 2.05m litres) of Automated Gasoline Oil (AGO)	654,720,000	511,500,000
	Supply of 6 drums (2020: 6 drums) of Lubricants	444,000	444,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

9a	<b>Donated vehicles, equipment and other supplies issued to security agencies</b>		
	<b>Beneficiaries (continued)</b>	2021	2020
		₦	₦
	<b>Lagos State Rapid Response Squad (RRS)</b>		
	20 GAC saloon cars (2020: 5 GAC Trumchi GA4)	134,000,000	33,500,000
	2 JAC pickup vans	-	22,000,000
	3 Mini trucks	-	21,000,000
	60 Intel handsets (with sim cards)	-	900,000
	30 Crash helmets	-	240,000
	<b>Lagos Federal Road Safety Corps</b>		
	6 Sonlink Motorbikes	4,500,000	-
	<b>Lagos Police Command</b>		
	10 JAC pickup vans (2019: 28 JAC pickup vans)	-	110,000,000
	3 GS4 SUVs	-	33,000,000
	250 Intel handsets (with sim cards)	-	3,750,000
	<b>Lagos State Neighbourhood Safety Corps (LNSC)</b>		
	2 Mini trucks	-	14,000,000
	150 Intel handsets (with sim cards)	-	2,250,000
	<b>Lagos State Traffic Management Authority</b>		
	60 Intel handsets (with sim cards)	-	900,000
	<b>Lagos State Task Force</b>		
	50 Intel handsets (with sim cards)	-	750,000
	<b>Department of State Security (DSS)</b>		
	50 Intel handsets (with sim cards)	-	750,000
	<b>Lagos State Environmental Sanitation Corps</b>		
	50 Intel handsets (with sim cards)	-	750,000
	<b>Lagos State Emergency Management Agency</b>		
	50 Intel handsets (with sim cards)	-	750,000
	<b>Operation MESA: Navy</b>		
	20 Intel handsets (with sim cards)	-	300,000
	<b>Operation MESA: Army</b>		
	20 Intel handsets (with sim cards)	-	300,000
	<b>Operation MESA: Airforce</b>		
	20 Intel handsets (with sim cards)	-	300,000
	<b>Governor's Monitoring Team</b>		
	20 Intel handsets (with sim cards)	-	300,000
	<b>Lagos State Government</b>		
	10 Intel handsets (with sim cards)	-	150,000
	<b>Senior Special Adviser Security</b>		
	10 Intel handsets (with sim cards)	-	150,000
	<b>Deputy Governor's Office</b>		
	5 Intel handsets (with sim cards)	-	75,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

9a	<b>Donated vehicles, equipment and other supplies issued to security agencies - continued</b>		
	<b>Beneficiaries</b>	<b>2021</b>	<b>2020</b>
		₦	₦
	<b>Ministry of Transport</b>		
	4 Intel handsets (with sim cards)	-	60,000
	<b>Governor's Office</b>		
	3 Intel handsets (with sim cards)	-	45,000
		-----	-----
		2,045,816,000	1,858,540,000
		=====	=====
9b	<b>Purchased vehicles, equipment and other supplies issued to security agencies</b>		
	<b>Beneficiaries</b>		<b>2021</b>
			₦
	<b>Lagos State Rapid Response Squad (RRS)</b>		
	Supply of fragmentation vests(RRS,Taskforce,GMT)		169,000,000
	30 Sonlink motorbikes donated to the RRS		22,500,000
	Supply of 392 tyres of various specifications for the RRS		21,074,003
	Supply of 250 units each of; SWAT vests with printing ,Knee and elbow guards, Hand gloves		13,000,000
	Supply of 250 units of protective gears for use of the RRS		12,500,000
	Supply of 107 batteries of various specifications for RRS.		
	-75Amp Battery (76),100Amp Battery		5,778,138
	Supply of one ballistic windscreen for Armoured Toyota Hilux		5,063,000
	18 Sets Of Riders Gear (Jacket, Helmet, Gloves, Boots, Kneel Guard) donated to the RRS		1,521,000
	Installation of tracking devices on the 20(nos) GA4 Saloon Cars to the RRS		1,397,500
	Supply of 40pieces of front motor bikes tyres and 40 of 12 volts/7amp batteries for the RRS		720,000
	Supply of 40pieces of back motor bikes tyres for the RRS		620,000
	Cost of car wash services for December 2020		1,952,738
	Cost of car wash services for January 2021		1,532,413
	Cost of car wash services for February 2021		1,896,300
	Cost of car wash services for March 2021		2,180,100
	Cost of car wash services for April 2021		1,850,611
	Payment for car wash services for the month of May 2021		1,982,838
	Payment for car wash services for the month of June 2021		2,368,762
	Payment for car wash services for the month of July 2021		2,111,838
	Payment for car wash services for the month of August 2021		1,929,625
	Car wash services for the fleet of the RRS for the month of September 2021		2,131,725
	Payment for car wash services for the fleet of the RRS for the month of October 2021		1,851,913
	Payment for car wash services for the month of November 2021		1,493,175
	Payment for car wash services for the month of December 2021		1,452,056
	<b>Compensation to the families of underlisted slain police officers</b>		
	Gabriel Maduka Igwe		5,000,000
	Kazeem.S. Abonde		10,000,000
	<b>Operation MESA: Marine Police</b>		
	72,000 litres of AGO to Marine police		19,470,000
	Supply of 20(units)100AMPS Batteries and 8 drums of SAE-40 stroke engine oil		2,856,161
	<b>Operation MESA: Naval Base</b>		
	Supply of 24,000 litres of AGO to the Naval Base		7,110,000
	<b>Operation MESA: Airforce</b>		
	Fueling for the year		4,574,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

9b	<b>Purchased vehicles, equipment and other supplies issued to security agencies-continued</b>	2021
	Beneficiaries	₦
	<b>Nigerian Police Command</b>	
	Supply of ballistic/fragmentation vests (500units)	169,000,000
	100 Sonlink motorbikes donated to Police Command from 200 nos. purchased by the Fund	75,000,000
	52 rolls of fabrics issued from inventory to Police (Aguda Division, Shasha Div,etc.)	4,652,284
	<b>Others</b>	
	Supply and installation of push to talk POC	89,520,625
	Construction of back cabins with seats on 100(nos) vehicles purchased by the state	30,000,000
	Mobilization for supply and installation of 100(nos) mobile base radio sets	25,000,000
	Supply and installation of 100(nos) security Bar lights with siren	19,000,000
	Construction of 34 (nos) back cabins with seats	10,200,000
	Installation of tracking device on 100(nos)vehicles purchased by the LASG	6,987,500
	Supply and installation of 34(nos) amber lights	6,460,000
	Installation of tracking device on 34(nos) vehicles	2,210,000
	Donation to MISS SECURITY NIGERIA BEAUTY PAGEANT	500,000
		-----
		765,448,305
		=====
		2020
	<b>Lagos Neighborhood Safety Corps (LNSC)</b>	₦
	Supply of 328 tyres of different sizes for the LNSC	10,294,750
	Supply of 76 tyres (4 per vehicles) for 19(nos.) operational Hilux Pick-ups for LNSC	3,113,750
	Supply of 85(nos.) 75 AMPS batteries for LNSC	2,558,500
	<b>Police Command</b>	
	Supply of 2(nos.) Toyota Hilux automatic transmission for Commissioner of Police, Lagos	38,500,000
	Supply of 10(nos.) Motorola digital base radio (UHF), siren light and Amp for 10 vehicles	3,900,000
	Construction of 10 back cabins with seats on 10(nos.) of vehicles donated by SHELL/SNEPCO	2,500,000
	Supply and Installation of vehicle tracking devices on 13(nos.) vehicles	908,375
	Vehicle registration for ten (10) JAC vehicles donated to the Police Command	500,000
	<b>Compensation to the families of underlisted slain police officers post-endsars protest</b>	
	Anatu Yaro Edward	10,000,000
	Olamide Erinfolami	10,000,000
	Adenike Ehibor	10,000,000
	Bejide Temilade	10,000,000
	Aderibigbe Funmilayo	10,000,000
	<b>Marine Police</b>	
	Supply of 4(nos.) Yamaha Outboard engines for the Marine police unit	29,670,000
	Supply of 2(nos.) of 200 HP Yamaha four strokes outboard engines	16,770,000
	60,000 litres of AGO to Marine police	12,600,000
	1 (no) Yamaha outboard engine released from inventory and donated to Marine Police	6,900,000
	20 (nos.) 100 AMPS batteries to Marine police unit	974,500
	<b>Rapid Response Squad (RRS)</b>	
	Supply of 1680 pairs of operational boots and 132 pairs of lace shoes for RRS	25,368,000
	Supply of 100 sets of mobile base radios for the RRS and extra 100 batteries	17,000,000
	Supply of 328 tyres; 24 Tubes; 24 Flaps for RRS	14,756,550
	Supply and installation of 35 (nos.) digital Motorola base radio UHF for the RRS	8,400,000
	70 sets of rain gear donated to RRS from Inventory	5,915,000
	Supply of 250(nos.) of bayonets with touch light, glass breaker, personal defense baton	5,375,000
	Supply of 100 (nos.) batteries to the RRS	3,432,500

**LAGOS STATE SECURITY TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

9b	<b>Purchased vehicles, equipment and other supplies issued to security agencies-continued</b>	<b>2020</b>
	Beneficiaries	₦
	Car wash services for August 2020 - Body wash (cars/SUVs) - 25 per day for 30days	2,950,000
	Car wash services for November 2020	2,518,725
	Car wash services for September 2020	1,953,812
	Car wash services for August 2020	1,842,350
	Car wash services for October 2020	1,635,075
	Supply of 300 fully branded raingears to the RRS	1,500,000
	Supply of parts for routine service of 17(nos.) Armoured Personal Carriers for RRS	905,200
	Labour charge for routine service of 17(nos.) Armoured Personal Carriers for RRS	550,000
	Payment for 50 packs of latex gloves for RRS	500,000
	Payment for fire extinguisher (liquid & powder) of 3kg (Co2) and 6kg (powder) for RRS	327,000
	Purchase of handcuff, legcuff, pepper spray, hand grenade tear gas for RRS	273,000
	Repair of 1(no) Ford Escape RRS 001LA	120,000
	<b>Naval Base</b>	
	Supply of 18,000 litres of AGO to the Naval Base	9,630,000
	<b>OP-MESA: Airforce</b>	
	32,000 litres of AGO to the Airforce	4,275,000
	<b>33 JAC Vans (Police command 25; GMT 2; CTC 1; MOPOL 1; LASEMA 2; Area J 1 and PCRC 1)</b>	
	33(nos.) vehicles released from inventory to security agencies distributed as above	379,500,000
	Construction of back cabins with seats and installation on 33(nos.) JAC vans	8,250,000
	Supply of 33(nos.) sets of Motorola DM 2600 UHF Base radios sets	7,260,000
	Supply of 33(nos.) security bar lights with siren and amp on 33(nos.) JAC vans	4,950,000
	Branding of 33(nos.) JAC vans	8,250,000
	Registration of number plates for 33(nos.) JAC vans	1,320,000
	<b>Others</b>	
	Supply of 1800 units of rainboots and 1650 raincoats with reflective branding for RRS and Police Command (150 raincoats)	31,547,250
	Logistics for enforcement of the ban/restriction of operation of commercial motorcycles	14,400,000
	Payment for 35 (nos.) vehicles registration	1,750,000
	Supply of 500 units of 200ml sanitizers, 250units of 500ml sanitizers and 20units of 1litres disinfectant spray for RRS (550 pieces), LNSC (20 pieces of 1 litre disinfectant spray, 30 sanitizers) and LSSTF (170 sanitizers)	2,000,000
	Supply of 1500 litres of AGO to the Fund's office	337,500
	Renewal of tracking devices on 23(nos.) vehicles; RRS-22 Vehicles; Police Command -1	222,525
		-----
		748,204,363
		=====
9c	<b>Repairs and branding</b>	<b>2021</b>
	Beneficiaries	₦
	<b>Lagos State Rapid Response Squad (RRS)</b>	
	Mobilisation for the full refurbishment of eleven (11) RRS patrol	23,788,500
	Refurbishment of four(4)Land cruiser vans	14,066,000
	Payment for the upgrade of Toyota Hilux-RRS 343 LA and RRS 01B LA	7,865,000
	Refurbishment of five(5)RRS patrol vehicles	5,309,500
	Supply of service parts for 92(nos.)vehicles for last quarter routine service	5,334,500
	Supply of service parts during the routine service of ninety eight (98) RRS patrol vehicles	5,119,000
	Supply of service parts the 1st quarter routine service of 89(nos)RRS vehicles	4,449,000
	Refurbishment of one Amoured Personnel Carrier(APC)SWAT 9 for the RRS	2,650,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 9c Repairs and branding-continued Beneficiaries

	2021
<b>Lagos State Rapid Response Squad (RRS)-continued</b>	<b>₦</b>
Refurbishment of Toyota Landcruiser RRS 014 LA	2,556,500
Construction of 2Nos.mini Blackmaria with front and both sides glass shield Burglary guard	2,360,000
Payment for the repair/refurbishment of one Toyota Land Cruiser -RRS 097 LA	2,263,500
Refurbishment of Toyota Landcruiser MUS 105 GD	1,775,500
Refurbishment of one Land Cruiser Van in use by the RRS	1,745,500
Refurbishment of two(2)Toyota Corolla RRS 064 LA,RRS 148 LA	1,545,000
Repairs of 59(nos.)RRS vehicles -Corolla RRS 084 LA,RRS 224 LA,RRS 133 LA and Hiace	1,189,780
4th Quarter of year 2020routine service of 4(nos)and repair of 4 JAC RRS patrol vehicles	1,180,303
Repair of Seven (7) Corolla Vehicles	1,046,000
Repair of 4 JAC vehicles in the fleet of the RRS. Vehicle Reg. Monitor C, Monitor M,RRS 24	1,033,793
Payment for Service parts and Labour Charge of (32)thirty two RRS Vehicles	983,802
Routine service of 27nos RRS JAC Vehicles for last quarter (3rd in the year)	827,263
Labour charge repair and routine service of;1.)RRS 214 LA 2.)RRS 213 LA 3.)RRS 206 LA	807,000
1st Qtr 2021 routine Service of thirty two (32) JAC RRS Patrol vehicles	786,524
Labour charge repair and routine service of;1.)RRS 044 LA	763,000
Additional invoice on 4 (nos)Land cruisers (RRS 098LA;RRS 150 LA& RRS 200 LA )-welding	750,000
Repair of patrol vehicles ;RRS 122 LA Toyota Hilux and RRS 408 LA Toyota Hiace Bus	667,000
Repairs of 3 Toyota Corrolla for the RRS-RRS 079LA-RRS 165 LA-RRS 064 LA 2)1 (nos)Ford	629,000
Repair of 5(nos.) RRS Vehicles-RRS 003 LA, RRS 041 LA, RRS 051 LA	609,000
Repair of 5(nos.) RRS Vehicles	585,000
2nd routine service of 63(nos.) Sonlink/Qlink & Sinoki motorbikes	578,000
Supply of service parts for 1st quarter routine service of 12(nos)RRS Armoured	564,800
Repair of RAM TOW truck with registration Number RRS Tow van 1	550,000
Repair of 3nos Isuzu truck troop carriers used by RRS.Troop carriers 02,03&04	533,000
Repair of fire RRS Toyota Corolla;-RRS 064 LA, 003 LA,133 LA, 045 LA, 148 LA	500,000
Branding and painting of 10 RRS Operation motor bikes	500,000
1st Qtr.2021 Routine service of nineteen (19) Nissan Almera RRS Patrol Vehicles	444,600
1st Qtr 2021 routine Service of forty four (44) JAC RRS Patrol vehicles	440,000
Labour charge and parts for the routine service of 42 RRS towing Vans in July 2021	420,000
Repairs of two(2) troop carriers 04&05 for the RRS	410,000
1st Qtr.2021 routine service of 39 RRS Patrol vehicles and replacement of 2 vehicles	400,000
Labour charge and parts for the routine service of forty (40) RRS towing Vans in July 2021	400,000
Labour Charge for last Qtr;routine service of 40(nos.)RRS patrol vehicles	400,000
Routine service of sixteen (16)Nissan Almera RRS patrol vehicles	392,000
Routine service of (Labour & Parts )fifteen NISSAN ALMERA Vehicles	373,500
Labour Charge for last quarter (3rd)rouitne service of 36(nos.)RRS vehicles	360,000
Servicing of 43(nos) sinoki/Qlink motorbikes at the rate of #6500 and the servicing of 15(nos)	354,500
Repair two(2) RRS Trucks;isuzu carrier 08 and Mustibush Rocket	342,000
Repair of three(3) Armoured Personnel Carriers(APCS)SWAT 31,SWAT 34 and SWAT 35	330,000
Repair of two(2)RRS patrol vehicles ;RRS 220 LA monitor J and RRS 231	283,000
Labour charge on 1st Qtr routine service of 12(nos)APC for the RRS	270,000
Last quarter routine service of 19(nos)GAC RRS vehicles (3rd in the year)	268,765
Branding of two of the mini-trucks donated by Chief Diana Chen Foundation	240,000
Supply of parts for the repair of five (5) RRS Saloon cars	222,500
Repairs on two RRS Hilux; -RRS 375 LA& RRS 075 LA	220,000
Repair of two (2) RRS Patrol vehicles; RRS 181 LA, RRS 056 LA	184,000
Repair and servicing of 3nos vehicles; RRS-106-LA, RRS-019-LA, RRS-409-LA	180,000
Payment for Air conditioning system replacement; speedlock repair of FORD-RRS 038 LA	180,000
Payment for the repair of two Isuzu trucks RRS carrier04 & carrier 06 patrol vehicles	180,000
Repairs on RRS Troop Carriers 06 & 08	170,000
Routine Service and Labour Charge of two GAC 4 RRS Patrol vehicles; RRS 022LA & RRS 024 LA	151,460
Refurbishment of Toyota Corolla RRS 076 LA	150,000
Supply of parts for the repair of 3 patrol vehicles; RRS 328LA, RRS 336LA&RRS 009 LA	142,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

9c	<b>Repairs and branding-continued</b>	2021
	<b>Beneficiaries</b>	₦
	<b>Lagos State Rapid Response Squad (RRS)-continued</b>	
	Repair of RRS 382 LA Ford Escape patrol vehicle	136,000
	Labour charge and parts for the routine service of thirteen (13) RRS towing Vans in July 2021	130,000
	Branding of (100) pieces of rain coat,(15) pieces Guide,(15) pieces rain boot,(15)pieces helm	125,000
	Repair of 4 RRS patrol vehicles RRS 029 LA, RRS 019 LA, RRS 165 LA & RRS 006 LA	113,000
	Routine service of eleven (11) RRS patrol trucks;carrier 02,03,04,05,06,07,08,01,09,Black Maria	110,000
	Routine service of two (2) RRS RAM TOW Vehicles with REG.No.RRS-Van1 & RRS-Van	110,000
	Labour Charge for: last quarter routine service (3rd) of eleven 11(nos.)	110,000
	Labour charge and parts for the routine service of two(2)RRS towing Vans in July 2021	88,800
	Repair of SWAT 09	85,000
	Servicing of 2(nos)RRS RAM TOW Vehicles-RRS VAN 1-RRS VAN 2	83,000
	Labour Charge for the repairs of vehicles in use by RRS; RRS 328LA, RRS 336 LA	54,000
	Replacement of water pump, radiator washing & labour charge of RRS Hilux -RRS 334 LA	52,500
	Replacement of alternator and service charge on one Corolla car-RRS 070 LA	35,000
	<b>OP MESA</b>	
	Refurbishment of six (6) OP MESA Army patrol vehicle	31,021,000
	Mobilisation for the repair of seven (7) OP MESA Navy vehicles	20,370,000
	Refurbishment of one OP MESA Airforce patrol vehicle-REG.NO.MUS 232 DQ	937,000
	<b>Lagos State Neighborhood Safety Corps (LNSC)</b>	
	Refurbishment of seven LNSC Vehicles from 2021 GRANT	17,319,500
	Payment for servicing of 150 operational vehicles	9,302,000
	2nd outline Service of (151 nos) one hundred and fifty-one patrol vehicles	9,226,000
	Refurbishment of Ford Ranger with Reg No; AGL 984 AR	290,000
	Repairs of one vehicle for the LNSC	115,000
	Routine service of 6(six)LNSC TVS motor bikes for LNSC Operational fleet	90,000
	<b>Marine Police</b>	
	Routine service of 26 units of Yamaha outboard engines and 4 units of 250HP Suzuki outboard	8,554,200
	Routine service of 22 units of Yamaha outboard engines and 4units of 250HP Suzuki outboard	3,673,200
	Routine service (2nd) of 12(nos.) inboard engines for the marine police unit	2,185,300
	Routine service of 6(nos.) of Gunboats for the Marine Police (inboard engines)	1,720,400
	Routine service of 6(nos.) of Gunboats for the Marine Police (inboard engines)	1,720,400
	<b>Lagos State Task Force</b>	
	Repair of one JAC Patrol van for the taskforce (MUS83GA)	517,250
	Fixing, repair and servicing of three (3)trucks for the Lagos State Task Force	50,000
	<b>Others</b>	
	Branding of 134 (nos) vehicles purchased by the LASG	33,500,000
	Spraying and branding of five (5) JAC GA4 Pick-up vehicles	925,000
		-----
		246,567,640
		=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 9c Repairs and branding-continued Beneficiaries

	2020
	₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
Repair of 9(nos.) Toyota Corolla cars in use by the RRS	11,861,500
70% mobilization for the repairs of 9(nos.) RRS vehicles	7,525,000
70% mobilisation for the refurbishment of 8(nos.) Isuzu troop carriers for RRS	6,720,000
Supply of service part for the 3rd routine service of patrol vehicle 158(nos.) for RRS	4,343,000
Service part for 94(nos.) RRS patrol vehicles	4,155,100
Service parts for 2nd quarter routine service of 89(nos.) RRS patrol vehicles	3,945,300
Repairs of 7 (nos.) damaged RRS Toyota Hilux vans	3,900,000
Mobilization for the refurbishment & service of 9(nos.) BMW R1200 RT Motorbikes for RRS	2,450,000
Re-evaluation for the refurbishment of accidented Toyota Corolla RRS 077 LA	2,200,000
70% mobilisation for the repairs/refurbishment of 3(nos.) Armoured Personnel Carriers	1,395,000
Repair of 2(nos.) vehicles (RRS 245 LA #642,000 and RRS 249 LA #675,000)	1,317,000
Payment/repairs of 3(nos.) Hilux Vehicle for RRS -323LA, RRS303LA, RRS310LA	1,175,000
70% Payment for the repair of 2(nos.) Toyota Hilux for the RRS; RRS 364 LA, RRS 314 LA	988,000
Repair of Toyota corolla RRS 079 LA	897,000
2nd quarter routine service of 39(nos.) JAC Vans for RRS - parts and labour charge	827,308
70% Mobilisation for the refurbishment of one RRS Hilux Van -RRS 376LA	700,000
70% Mobilization for Repair of 4(nos.) of Isuzu trucks for the RRS	697,000
Routine service (parts and labour charge) of 28(nos.) JAC RRS patrol vehicles in March 2020	598,201
Labour charge and service parts for 3rd routine service of 19(nos.) Nissan Almera vehicles	558,700
Repair of 6(nos.) RRS vehicles damaged during the recent #Endsars protest in Lagos	550,000
Repair of 3(nos.) RRS Isuzu Carrier 04 RRS Isuzu Carrier 08 and RRS Isuzu Carriers 10	535,000
Payment for the service of 71(nos.) RRS Motorbikes	532,500
2nd quarter routine service of 71(nos.) Sinoki/Qlink motor bikes for RRS	532,500
New settee window blind and 50-inch flat screen TV for RRS Commander's office reception	500,000
Payment for the repair of 28(nos.) RRS patrol vehicles	454,000
Being labour charge for 1st routine service of 45(nos.) patrol vehicles in February 2020	450,000
Labour charge and service parts for 2nd quarter routine service of 19(nos.) Nissan Almera cars	433,900
Parts such as head lights, side mirrors, trafficking lights, etc on 8(nos.) Isuzu	425,500
Repair of 7(nos.) Isuzu RRS troop carriers for RRS	425,000
Labour charge for the 3rd routine service of 41(nos.) vehicles for RRS	830,000
1st Routine service of 20(nos.) RRS Nissan Almera patrol vehicles in February 2020	408,000
Being labour charge for the 2nd patrol vehicles for RRS	390,000
Being payment for the labour charge for 1st routine service of 38(nos.) patrol vehicles	380,000
Routine Service of 27(nos.) RRS JAC T6 patrol vehicles for RRS operatives	379,890
Being labour charge for the 2nd quarter routine service of 37(nos.) vehicles for RRS	370,000
Contribution towards repair of one accidented RRS045 LA Toyota vehicle	350,000
Routine Service of 65(nos.) Sinoki/Qlink motor bikes for RRS	307,500
Repair of Isuzu troop carrier -06 for RRS	289,000
Supply of parts for the repair of 3(nos.) APCs for the RRS-SWAT 06-SWAT 43-SWAT 41	203,700
Repair of 1(no.) corolla RRS 056 LA for RRS	200,000
Refund for minor repairs carried out on 5(nos.) RRS patrol vehicles	154,000
Repair of 1(no.) Isuzu troop carrier 01 for the RRS	137,000
Repair and replacement of broken windscreen following the #EndSars protest -Isuzu carrier 06	110,000
Repair and replacement of broken windscreen following the #EndSars protest -Isuzu carrier 07	110,000
Repair and replacement of broken windscreen following the #EndSars protest -Isuzu carrier 08	110,000
Labour charge for the routine service of 8(nos.) Isuzu troop carriers for RRS	96,000
Repair of 1(no) Nissan Almera RRS 386LA - upholstery work, panel work, etc	80,000
Being labour charge for routine service of 7(nos.) Isuzu trucks/carriers for RRS	70,000
Labour charge for 2nd quarter routine service of 6(nos.) Isuzu troop carriers for RRS	60,000
Greasing of moving parts (i.e. steering arm, spring, etc) on 8(nos.) RRS Isuzu troop carriers	40,000
Repair of 1(no.) JAC Van RRS 231LA-replacement of fuel pump, fuel filter	40,000
Repair of 1(no.) JAC Van RRS 207LA-replacement of fuel pump, fuel filter	40,000
Replacement of fuel line system, fuel pump, filter & gauge for 1(no.) Nissan Almera for RRS	37,000

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

9c	<b>Repairs and branding-continued</b>		
	<b>Beneficiaries</b>		
			<b>2020</b>
	<b>Lagos State Rapid Response Squad (RRS)</b>		₦
	Additional repairs carried out during routine service of RRS patrol vehicles -RRS 273 LA		27,000
	Repair/service of clutch system on 1(no.) Isuzu troop carrier 05 for the RRS		25,000
	<b>Lagos Police Command</b>		
	Branding of 10(nos.) vehicles from SNEPCO donations for the Police Command		2,500,000
	Renovation of Police Commander's office		950,000
	<b>Lagos Neighborhood Safety Corps (LNSC)</b>		
	Balance of LNSC grant for the repair of 150(nos.) LNSC patrol vehicles		8,198,000
	Service of 159(nos.) LNSC vehicles from 2020 grant by the Fund		6,510,000
	Mobilization for the routine service of 151(nos.) LNSC vehicles		6,380,000
	Balance of repair of 17(nos.) LNSC Vehicles from grant issued by the Fund		883,000
	Body spraying and branding of LNSC 6(nos.) motorbikes		300,000
	Repair of 1(no.) Hilux Van NPF 2706C for LNSC		86,000
	<b>Marine Police</b>		
	Repairs of 2(nos.) fast interception boats covering Epe and Badagry waterfront		3,626,934
	1st routine service of 34(nos.) outboard engines for the Marine Police unit		3,513,000
	2nd routine service of 34(nos.) of marine police outboard Yamaha engine		3,333,000
	1st routine service of 12(nos.) marine inboard engine used by Marine Police		1,420,400
	2nd routine service of 12(nos.) marine inboard engine used by Marine Police		1,420,400
	Cost of 4(nos.) branding Marine Police outboard engines purchased by the Fund		50,000
	<b>Lagos State Task Force</b>		
	Repair of 6(nos.) trucks for the Lagos State Task Force.		685,500
	<b>Others</b>		
	Training for security operatives/enforcement officers		20,000,000
	Branding of 5(nos.) mini-trucks donated to; RRS -3, LNSC-2,		75,000
	Payment for spraying of front doors of white and black JAC pickup vans		60,000
			-----
			126,326,833
			=====
10	<b>Employee benefits expense</b>	2021	2020
		₦	₦
	Salaries and allowances	33,343,400	24,653,688
	Pension cost	1,120,000	826,000
		-----	-----
		34,463,400	25,479,688
		=====	=====
11	<b>Other operating expenses</b>		
	Audit and other professional fees	10,000,000	10,000,000
	Bank charges	72,331	146,202
	General office expenses	8,894,360	10,626,151
	Rent service charge	2,089,202	1,139,929
	Insurance	3,407,188	3,161,064
	Mid-year and annual Town hall meeting on security	30,107,447	19,139,362
	Other office expenses	12,186,345	4,401,845
	Advertisement and publicity	3,849,255	2,046,469
	Trustees' remuneration	3,850,000	1,770,000
		-----	-----
		74,456,128	69,431,022
		=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Taxation

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

13 Property and equipment

	Office furniture & equipment ₦	Computer equipment ₦	Motor vehicles ₦	Leasehold Improvements	Total ₦
<b>Cost</b>					
As at 1 January 2020	14,450,092	4,834,317	78,352,500	2,343,375	99,980,284
Additions	-	1,276,025	-	-	1,276,025
Disposals	(256,180)	-	-	-	(256,180)
<b>As at 31 December 2020</b>	<b>14,193,912</b>	<b>6,110,342</b>	<b>78,352,500</b>	<b>2,343,375</b>	<b>101,000,129</b>
Additions	3,120,000	-	-	-	3,120,000
<b>As at 31 December 2021</b>	<b>17,313,911</b>	<b>6,110,342</b>	<b>78,352,500</b>	<b>2,343,375</b>	<b>104,120,129</b>
<b>Depreciation</b>					
As at 1 January 2020	13,444,351	4,760,690	31,478,280	1,796,589	51,479,910
Charge for the year	838,384	283,921	17,081,856	468,675	18,672,836
Disposal	(256,180)	-	-	-	(256,180)
<b>As at 31 December 2020</b>	<b>14,026,555</b>	<b>5,044,611</b>	<b>48,560,136</b>	<b>2,265,264</b>	<b>69,896,566</b>
Charge for the year	255,000	421,088	14,163,125	78,103	14,917,316
<b>As at 31 December 2021</b>	<b>14,281,555</b>	<b>5,465,699</b>	<b>62,723,261</b>	<b>2,343,367</b>	<b>84,813,882</b>
<b>Net Book Value</b>					
At 31 December 2021	3,032,357	644,643	15,629,239	8	19,306,247
At 31 December 2020	167,357	1,065,731	29,792,364	78,111	31,103,563

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

14	<b>Right of use assets</b>	2021	2020
		₦	₦
	<b>Office space</b>		
	<b>Cost</b>		
	Opening Balance/ effect of adoption of IFRS 16	8,750,000	8,750,000
	Additions	12,600,000	-
		-----	-----
		21,350,000	8,750,000
		-----	-----
	<b>Accumulated depreciation</b>		
	Balance at beginning of year	(7,500,000)	(3,750,000)
	Depreciation for the year	(3,700,000)	(3,750,000)
		-----	-----
	Balance	(11,200,000)	(7,500,000)
		-----	-----
	Carrying amount	10,150,000	1,250,000
		=====	=====

		2021	2020
		₦	₦
15	<b>Inventories</b>		
	30 GAC saloon cars	67,000,000	201,000,000
	100 200CC Sonlink Motorbikes	48,000,000	-
	3 GS4 SUVs	33,000,000	33,000,000
	Police accoutrements	3,109,005	3,109,005
	156 Intel handsets (with sim cards) (2020: 157 units)	2,340,000	2,355,000
	Police uniform fabric material (in rolls)	1,789,372	6,441,656
	100 Life jackets	800,000	-
	1 Riders boots (2020: 19 units)	30,000	570,000
	1 Helmet (2020: 19 units)	26,000	494,000
	1 Riders jacket (2020: 19 units)	16,000	304,000
	1 Riders kneel guard (2020: 19 units)	7,500	142,500
	1 Riders hand gloves (2020: 19 units)	5,000	95,000
		-----	-----
		156,122,877	247,511,161
		=====	=====

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

16	<b>Account receivables</b>	2021	2020
		₦	₦
	Pledged donations	195,999	45,899
		-----	-----
		195,999	45,899
		=====	=====
17	<b>Other assets</b>	2021	2020
		₦	₦
	Prepaid insurance	3,180,764	1,564,242
	Prepaid others	-	33,580
	Cash advance	1,010,000	668,000
		-----	-----
		4,190,764	2,265,822
		=====	=====

Cash advance was made for the supply of printer and PMS which was yet to be delivered as at year end (2020: Cash advance was made for the supply of fuel of OP MESA Airforce for January and February 2021)

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

18	<b>Cash and short-term deposits</b>	2021	2020
		₦	₦
	Cash on hand	552,445	583,504
	Cash at Banks		
	Access Bank Plc	33,873,278	75,408,040
	Coronation Merchant Bank Ltd	21,579,546	54,010,029
	Fidelity Bank Plc	33,147,347	25,127,220
	First City Monument Bank	65,902,915	57,059,585
	First Bank of Nigeria Ltd	147,357,311	131,320,323
	Guaranty Trust Bank Plc	35,696,378	107,615,106
	Heritage Bank	759,037	845,090
	Polaris Bank Ltd	30,444,891	50,561,717
	Providus Bank Ltd	40,207,767	57,637,524
	Stanbic IBTC	37,476,678	44,257,377
	Sterling Bank Plc	59,643,752	22,140,620
	United Bank of Africa Plc	12,593,499	19,711,442
	Wema Bank Plc	45,122,022	29,695,141
	Zenith Bank Plc	117,488,252	67,509,360
		-----	-----
		681,845,118	743,483,578
	Allowance for expected credit losses	(27,512)	(27,512)
		-----	-----
		681,817,606	743,456,066
		=====	=====

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

	2021	2020
	₦	₦
Cash on hand	552,445	583,504
Cash at bank	641,313,393	703,418,130
Short-term deposits	39,979,280	39,481,944
	-----	-----
	681,845,118	743,483,578
Less expected credit losses on short-term investments	(27,512)	(27,512)
	-----	-----
	681,817,606	743,456,066
	=====	=====

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

#### 2021

	Stage 1	Stage 2	Stage 3	Total
	₦	₦	₦	₦
<b>Gross carrying amount as at 1 January</b>	<b>39,481,945</b>	-	-	<b>39,481,945</b>
New asset purchased	39,893,994	-	-	39,893,994
Assets derecognised or matured	(39,481,945)	-	-	(39,481,945)
<b>At 31 December</b>	<b>39,893,994</b>	-	-	<b>39,893,994</b>

## LAGOS STATE SECURITY TRUST FUND

Cash and short-term deposits - continued

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

2020

	Stage 1 ₦	Stage 2 ₦	Stage 3 ₦	Total ₦
<b>Gross carrying amount as at 1 January</b>	<b>157,985,838</b>	-	-	<b>157,985,838</b>
New asset purchased	39,481,945	-	-	39,481,945
Assets derecognised or matured	(157,985,838)	-	-	(157,985,838)
<b>At 31 December</b>	<b>39,481,945</b>	-	-	<b>39,481,945</b>

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

	2021 ₦	2020 ₦
<b>19 Accounts payable</b>		
Audit fees	10,000,000	10,000,000
Other accrued expenses (Note 19.1)	20,982,144	7,208,116
Equipment & Protective Application International Limited	50,700,000	-
	81,682,144	17,208,116
	=====	=====

19.1 Included in other accrued expenses as at 31 December are

	2021 ₦
70% mobilisation for the repair of seven(7) OP MESA Navy vehicles	6,111,000
75% mobilisation for the full refurbishment of eleven (11) RRS patrol vehicles	5,947,125
Other accruals	5,014,838
Repairs of 59(nos.)RRS vehicles	2,734,781
Upgrade of Toyota Hilux-RRS 343 LA and RRS 01B LA	865,000
30% payment (mobilisation)for the repair	309,400
	20,982,144
	=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 19.1 Accounts payable - continued

	2020
	₦
Other accruals	4,559,216
Refurbishment of 8 Izuzu	1,400,000
Supply of 3,000 litres of AGO to the Naval Base Apapa for December 2020	645,000
Routine Service of 65nos Sinoiki/Qlink motor vehicle	307,500
Balance on the repair of 2 Hilux Van RRS)	296,400
	-----
	7,208,116
	=====

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

	2021	2020
	₦	₦
<b>20 Deferred income</b>		
Government grant	-	78,773
	-----	-----
	-	78,773
	=====	=====
<b>20.1 Classification of deferred income</b>		
Current	-	78,773
	-----	-----
	-	78,773
	=====	=====

#### 20.2 Deferred income movement schedule

	Government grant	Others	Total
	₦	₦	₦
At 1 January 2020	3,414,928	418,750	3,833,678
Released to statement of income and expenditure	(3,336,155)	(418,750)	(3,754,905)
	-----	-----	-----
At 31 December 2020	78,773	-	78,773
Released to statement of income and expenditure	(78,773)	-	(78,773)
	-----	-----	-----
At 31 December 2021	-	-	-
	=====	=====	=====

#### 21 Employees' remuneration

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

	2021	2020
	Number	Number
100,000 - 1,000,000	2	4
1,000,001 - 2,000,000	2	-
2,000,001 - 6,000,000	3	3
6,000,001 - 15,000,000	1	1
	-----	-----
	8	8
	===	===

The aggregate cost of these employees was:

	2021	2020
	₦	₦
Salaries and wages	34,463,400	25,479,688
	=====	=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 22 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.

	2021	2020
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	3,850,000	1,770,000
	-----	-----
	3,850,000	1,770,000
	=====	=====

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.

#### 23 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.

#### 24 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.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Risk management- continued

Credit risk (IFRS7 Revised) - continued

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

The Fund applied the general approach in computing expected credit losses (ECL) for 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.

**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 2020 and 31 December 2021.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 24 Risk management- continued

##### Credit risk (IFRS7 Revised) - continued

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 2021

Key drivers	Assigned probabilities	ECL scenarios	2021	2022	2023
Oil Price	12%	Upturn	49.90	57.07	57.07
	79%	Base	44.16	54.96	54.96
	9%	Downturn	40.91	52.64	52.64
Unemployment rate	12%	Upturn	0.27	0.26	0.26
	79%	Base	0.31	0.34	0.34
	9%	Downturn	0.33	0.36	0.36
Inflation rate	12%	Upturn	0.13	0.13	0.13
	79%	Base	0.12	0.12	0.12
	9%	Downturn	0.13	0.11	0.11

##### 31 December 2020

Key drivers	Assigned probabilities	ECL scenarios	2020	2021	2022
Oil Price	10%	Upturn	55.61	57.07	57.07
	80%	Base	53.50	54.96	54.96
	10%	Downturn	51.18	52.64	52.64
Unemployment rate	10%	Upturn	0.26	0.26	0.26
	80%	Base	0.34	0.34	0.34
	10%	Downturn	0.36	0.36	0.36
Inflation rate	10%	Upturn	0.12	0.12	0.12
	80%	Base	0.11	0.11	0.11
	10%	Downturn	0.10	0.10	0.10

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

In assessing the Fund's internal rating process, the Fund'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 Fund'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., inflation rate 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 Fund's performance.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 24 Risk management- continued

##### Credit risk (IFRS7 Revised) - continued

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

31 December 2021	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 2020	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>

##### 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 19 for account payables and Note 16 and 18 for account receivables and cash and short-term deposits.

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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Risk management- continued

Liquidity risk- continued

	Carrying amount ₦	Contractual cashflow ₦	Less than 1 month ₦	1 - 3 months ₦
<b>31 December 2021</b>				
<i>Assets</i>				
Cash and cash equivalents	681,817,606	681,817,606	681,817,606	-
Account receivables	195,999	195,999	-	195,999
	-----	-----	-----	-----
	682,013,605	682,013,605	681,817,606	195,999
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	81,626,522	81,626,522	-	81,626,522
	-----	-----	-----	-----
	81,626,522	81,626,522	-	81,626,522
	-----	-----	-----	-----
Liquidity surplus	600,387,083	600,387,083	681,817,606	(17,762,217)
	-----	-----	-----	-----
Cumulative liquidity surplus			681,817,606	600,387,083
			=====	=====
<b>31 December 2020</b>				
<i>Assets</i>				
Cash and cash equivalents	743,456,066	743,456,066	743,456,066	-
Account receivables	45,899	45,899	-	45,899
	-----	-----	-----	-----
	743,501,965	743,501,965	743,456,066	45,899
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	17,808,116	17,808,116	-	17,808,116
	-----	-----	-----	-----
	17,808,116	17,808,116	-	17,808,116
	-----	-----	-----	-----
Liquidity surplus	725,693,849	725,693,849	743,456,066	(17,762,217)
	-----	-----	-----	-----
Cumulative liquidity surplus			743,456,066	725,693,849
			=====	=====

**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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 25 **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 2021 ₦3,700,000 (2020: ₦3,750,000) 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 2021 (2020: nil).

#### 26 **Events after the reporting dates**

The Trustees are of the opinion that there were no events after the reporting date that could have a significant effect on the financial statements of the Fund that had not been adequately provided for or disclosed in these financial statements.

#### 27 **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 2021 N		31 December 2020 N	
Gross income	2,967,124,516		2,326,756,335	
Bought in goods & other services - local	(3,132,288,073)		(2,808,252,218)	
	-----		-----	
Value lost	<b>(165,163,557)</b>	<b>100%</b>	<b>(481,495,883)</b>	<b>100%</b>
	=====	=====	=====	=====
Applied as follows:				
Employees:				
Employee benefit expense	34,463,400	(21%)	25,479,688	(5%)
Retained for future expansion:				
Depreciation & amortization	18,617,316	(11%)	18,627,302	(4%)
Deficit for the year	(218,244,273)	132%	(525,648,407)	109%
	-----		-----	
	<b>(165,163,557)</b>	<b>100%</b>	<b>(481,495,883)</b>	<b>100%</b>
	=====	=====	=====	=====

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

## LAGOS STATE SECURITY TRUST FUND

### FIVE YEAR FINANCIAL SUMMARY

	31 December 2021	31 December 2020	31 December 2019	31 December 2018	31 December 2017
Financial results	₦	₦	₦	₦	₦
Gross income	2,967,124,516	2,326,756,335	4,215,497,528	2,796,738,398	2,215,553,906
Total expenditure	(3,185,368,789)	(2,852,404,742)	(3,572,314,124)	(2,497,232,828)	(2,252,468,779)
(Deficit)/ surplus for the year	(218,244,273)	(525,648,407)	643,183,404	299,505,570	(36,914,873)
<b>Financial position</b>					
Accumulated funds	790,101,349	1,008,345,622	1,533,904,028	890,720,624	591,861,974
<b>Employment of funds</b>					
Non-current assets	19,306,247	31,103,563	48,500,374	47,124,481	23,970,102
Current assets	852,477,246	994,528,948	1,516,342,949	871,548,588	669,769,730
Non-current liabilities	-	-	-	(3,077,602)	(12,121,654)
Current liabilities	(81,682,144)	(17,286,889)	(30,939,295)	(24,874,843)	(89,756,204)
	790,101,349	1,008,345,622	1,533,904,028	890,720,624	591,861,974