

LAGOS STATE SECURITY TRUST FUND
REPORT OF THE TRUSTEES
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS	PAGE
Legal and administrative information	3
Report of the Trustees	5
Statement of trustees' responsibilities in relation to the preparation of financial statements	7
Independent Auditors' report	8
Statement of income and expenditure	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Five year financial summary	51

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Legal and administrative information

Registered Office

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

Board of Trustees

Mr. Oye Hassan -Odukale	Chairman*
Mr. Remi Makanjuola	Chairman**
Mr. Herbert Wigwe	Member*
Mr. Adeyemi Idowu	Member*
Mr. Opeyemi Agbaje	Member*
Mr. Philips Oduoza	Member*
D.I.G Isreal O. Ajao, OON	Member*
Mr. Gbolahan Lawal	Member*
Prof. Ademola Abass	Member*
Mr. Waheed Olusegun Kassim	Member**
Mr. Kehinde Durosinmi-Etti	Member**
Mr. Bisi Onasanya	Member**
Mr. Ebenezer Onyeagwu	Member**
Mr. Opeyemi Agbaje	Member**
Mr. Biyi Mabadeje	Member**
Mr. Gbolahan Lawal	Member**

* Appointed 10 November 2015

** Tenure expired 10 November 2015

Executive Secretary/Chief Executive

Dr Abdurrazaq Mobolaji Balogun
Mr. Fola Arthur-Worrey

Appointed 10 November 2015
Resigned 10 November 2015

Bankers

Skye Bank Plc
Alausa Secretariat Branch
Alausa, Ikeja, Lagos

Zenith Bank Plc
Alausa Secretariat Branch
Alausa, Ikeja, Lagos

First Bank of Nigeria Plc
Acme Road, Ikeja, Lagos

Sterling Bank Plc
Opebi Road, Ikeja, Lagos

Legal and administrative information - Continued

Bankers (continues)

Guaranty Trust Bank Plc
Alausa Secretariat Branch
Ikeja, Lagos

Access Bank Plc
183 Obafemi Awolowo Way
Ikeja, Lagos

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

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

Auditors
Ernst & Young
10th & 13th Floors
57, Marina
Lagos

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

Report of Trustees

The trustees submit their report together with the audited financial statements for the year ended 31 December 2014, 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
Round House
Secretariat, 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 10. The excess of expenditure over donations received for the year of ₦132 million has been transferred to accumulated fund.

Trustees

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

Mr. Oye Hassan -Odukale	Chairman*
Mr. Remi Makanjuola	Chairman**
Mr. Herbert Wigwe	Member*
Mr. Adeyemi Idowu	Member*
Mr. Opeyemi Agbaje	Member*
Mr. Philips Oduoza	Member*
D.I.G Isreal O. Ajao, OON	Member*
Mr. Gbolahan Lawal	Member*
Prof. Ademola Abass	Member*
Mr. Waheed Olusegun Kassim	Member**
Mr. Kehinde Durosinmi-Etti	Member**
Mr. Bisi Onasanya	Member**
Mr. Ebenezer Onyeagwu	Member**
Mr. Opeyemi Agbaje	Member**
Mr. Biyi Mabadeje	Member**
Mr. Gbolahan Lawal	Member**

* Appointed 10 November 2015

** Tenure expired 10 November 2015

LAGOS STATE SECURITY TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2014

Auditors

The Fund's auditor, Ernst and Young was appointed on 11 May 2015 and having expressed its willingness, will continue in office in accordance with Section 13(2) of the Lagos State Security Trust Fund Law.

By order of the Board of Trustees


Fola Arthur - Worrey
Executive Secretary

Lagos, Nigeria

6 November 2015

LAGOS STATE SECURITY TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of trustees' responsibilities in relation to the preparation of financial statements

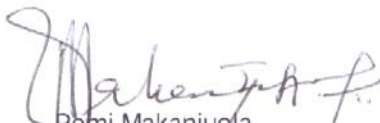
The Lagos State Security Trust Fund Law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Fund at the end of the year and of its surplus or deficit. This responsibility includes:

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

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board and the requirements of the Lagos State Security Trust Fund Law.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its deficit. 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.


Remi Makanjuola
Chairman


Fola Arthur - Worrey
Executive Secretary

6 November 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND

Report on the financial statements

We have audited the financial statements of Lagos State Security Trust Fund (The Fund) which comprise the statement of financial position as at 31 December 2014, the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees of the Fund are responsible for the preparation and fair presentation of these financial statements 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 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND-
Continued

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's financial affairs as at 31 December 2014 and of its deficit and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the requirements of the Lagos State Security Trust Fund Law and Financial Reporting Council of Nigeria Act No 6, 2011.



Dayo Babatunde, FCA/FRC/2013/ICAN/00000000702

For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

10 December 2015



LAGOS STATE SECURITY TRUST FUND
STATEMENT OF INCOME OR EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 ₦	2013 ₦
Income			
Donations in cash:			
From public officers and government agencies	5a	41,550,000	17,700,000
From private bodies	5b	169,988,118	402,183,616
		<u>211,538,118</u>	<u>419,883,616</u>
Donations in kind:			
From public officers and government agencies	6a	1,308,011,448	678,086,218
From private bodies	6b	77,020,000	174,440,000
		<u>1,385,031,448</u>	<u>852,526,218</u>
Other income	7	3,906,118	33,000
Finance income	8	5,188,888	4,315,724
		<u>9,095,006</u>	<u>4,348,724</u>
Gross income		1,605,664,572	1,276,758,558
Impairment losses on receivables	16a	(1,130,000)	(2,400,000)
Net income		<u>1,604,534,572</u>	<u>1,274,358,558</u>
Expenditure			
Support to security agencies	9	(1,693,236,353)	(1,091,637,208)
Employee benefits expense	10	(5,522,000)	(5,263,000)
Depreciation of property, plant and equipment	14	(2,027,393)	(2,767,367)
Rent expenses		(6,746,533)	(5,876,618)
Other operating expenses	12	(28,690,423)	(25,787,913)
Total expenses		<u>(1,736,222,702)</u>	<u>(1,131,332,106)</u>
(Deficit)/surplus for the year		<u>(131,688,130)</u>	<u>143,026,452</u>

The notes on pages 14 to 50 form part of these financial statements

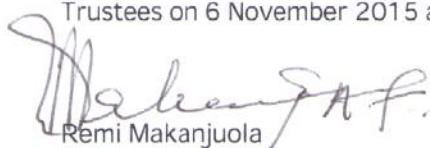
LAGOS STATE SECURITY TRUST FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	2014 ₦	2013 ₦	At 1 Jan 2013 ₦
Assets				
Non-current assets				
Property, plant and equipment	14	4,571,699	6,459,092	2,572,459
Current assets				
Inventories	15	5,595,740	5,941,980	6,541,980
Account receivables	16	99,820,000	145,175,000	3,125,000
Other assets	17	1,656,718	7,708,717	9,975,208
Cash and short-term deposits	18	90,530,840	159,449,500	140,077,623
Total assets		202,174,997	324,734,289	162,292,270
Equity and liabilities				
Equity				
Accumulated Fund		144,734,884	276,423,014	133,396,562
Total equity		144,734,884	276,423,014	133,396,562
Current liabilities				
Account payables	19	57,440,113	48,311,275	28,895,708
Total liabilities		57,440,113	48,311,275	28,895,708
Total equity and liabilities		202,174,997	324,734,289	162,292,270

The notes on pages 14 to 50 form part of these financial statements

The financial statements on pages 10 to 50 were approved and authorised for issue by the Board of Trustees on 6 November 2015 and were signed on its behalf by


Remi Makanjuola
Chairman


Fola Arthur - Worrey
Executive Secretary

LAGOS STATE SECURITY TRUST FUND
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2014

	₦
For the year ended 31 December 2014	
Fund At 1 January 2014	276,423,014
(Deficit) for the year	(131,688,130)

At 31 December 2014	144,734,884
	=====
	₦
For the year ended 31 December 2013	
Fund At 1 January 2013	133,396,562
Surplus for the year	143,026,452

At 31 December 2013	276,423,014
	=====

LAGOS STATE SECURITY TRUST FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 ₦	2013 ₦
(Deficit)/ Surplus for the year		(131,688,130)	143,026,452
Non-cash adjustment to reconcile (Deficit)/ surplus to net cash flows			
Depreciation	14	2,027,393	2,767,367
Finance income	8	(5,188,888)	(4,315,724)
Impairment losses on receivables	16a	1,130,000	2,400,000
Recoveries	16a	(800,000)	-
Working capital adjustments:			
Decrease in inventories		346,240	600,000
Decrease/ (increase) in accounts receivable		45,025,000	(144,450,000)
Decrease in prepayments		6,051,999	2,266,491
Increase in accounts payable		9,128,838	19,415,567
Cash (used in)/generated from operations		<u>(73,967,548)</u>	<u>21,710,153</u>
Cash flow from investing activities			
Purchase of property, plant and equipment	14	(140,000)	(6,654,000)
Interest received	8	5,188,888	4,315,724
Cash (used in)/generated from investing activities		<u>5,048,888</u>	<u>(2,338,276)</u>
(Decrease)/Increase in cash and cash equivalents		(68,918,660)	19,371,877
Cash and cash equivalents at 1 January		<u>159,449,500</u>	<u>140,077,623</u>
Cash and cash equivalents at 31 December	18	<u>90,530,840</u>	<u>159,449,500</u>

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. Corporate information

The financial statements of the Lagos State Security Trust Fund (LSSTF) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Trustees on 6 November 2015. 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, Round 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.

2.1 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).

For all periods up to and including the year ended 31 December 2013, the Fund prepared its financial statements in accordance with Nigerian generally accepted accounting principles (NGAAP). These financial statements for the year ended 31 December 2014 are the first the Fund has prepared in accordance with IFRS.

Refer to Note 2.4 for information on how the Fund adopted IFRS.

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 equivalent 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.3 Summary of significant accounting policies

a) Property plant and equipment

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

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

The estimated annual rates of depreciation are as follows:

	%
Office furniture and equipment	25
Motor vehicles	25
Computer equipment	33

Capital work-in-progress is not depreciated as these assets are not yet available for use.

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, plant 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, plant 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) Revenue Recognition

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 becomes receivable. That is when pledges are made. Donated assets are recognised at their fair value at the date of the donation. All cash donations are received through transfers into the Fund's bank account and/or via cheques.

Interest Income

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. Interest income is included in finance income in the statement of income or expenditure.

c) 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 subsequent measurement

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Fund's financial assets include Cash and short-term deposits, Account receivables.

Subsequent measurement

The measurement of financial assets depends on their classification.

Loans and receivables

This category is the most relevant to the Fund. Account receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The losses arising from impairment are recognised in the statement of income or expenditure as part of other operating expenses. See Note 16 for analysis of account receivables

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.

ii) Impairment of financial assets

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost - Account receivables

For financial assets carried at amortised cost, the Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

The individual assessment for impairment is based on the amount of pledge made in a particular year and still outstanding up to the time the financial statements are to be authorised for issue.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include Account payables.

Subsequent measurement

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

Other liabilities

Account payables

Account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

d) Impairment of Non-financial assets

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.

e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Fund as a lessee

Operating lease payments are recognised as an operating expense in the statement of income & expenditure on a straight-line basis over the lease term.

f) 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

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

f) Fair value measurement (continues)

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

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

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

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

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

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

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

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

g). Inventories

Inventories are measured at the lower of cost and net realisable value. Inventory held for distribution at no or nominal 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.

h) 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.

D) Employee benefits

(a) 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.

(b) 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.4. First-time adoption of IFRS

These financial statements, for the year ended 31 December, 2014, are the first the Fund has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, the Fund prepared its financial statements in accordance with Nigerian generally accepted accounting principle (NGAAP).

Accordingly, the Fund has prepared financial statements which comply with IFRS applicable for periods ended on or after 31 December, 2013, together with the comparative period data as at and for the year ended 31 December, 2013 as described in the summary of significant accounting policies. In preparing these financial statements, the Fund's opening statement of financial position was prepared as at 1 January 2013, the Fund's date of transition to IFRS. This note explains the principal adjustments made by the Fund in restating its NGAAP financial statements, including the statement of financial position as at 1 January 2013 and the statement of financial position as at 31 December 2013 and statement of income or expenditure for the year ended 31 December 2013.

Exemptions Applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Fund has not applied any of the exemptions under IFRS 1.

2.4. First-time adoption of IFRS continued
Reconciliation of equity as at 1 January, 2013

	NOTE	NGAAP	Reclassifications	IFRS as at 1 Jan 2013
Assets		₦	₦	₦
Non-current assets				
Property, plant and equipment		2,572,459	-	2,572,459
Current assets				
Inventories		6,541,980	-	6,541,980
Accounts receivable and prepayments	A	13,100,208	(13,100,208)	-
Account receivables	B	-	3,125,000	3,125,000
Prepayments	C	-	9,975,208	9,975,208
Cash and short-term deposits		140,077,623	-	140,077,623
Total assets		162,292,270	-	162,292,270
Equity and liabilities				
Equity				
Accumulated funds		133,396,562	-	133,396,562
Total equity		133,396,562	-	133,396,562
Current liabilities				
Creditors and accruals	D	28,895,708	(28,895,708)	-
Accounts payable	E	-	28,895,708	28,895,708
Total liabilities		28,895,708	-	28,895,708
Total equity and liabilities		162,292,270	-	162,292,270

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.4. First-time adoption of IFRS continued

Reconciliation of equity as at 31 December, 2013

	NOTE	NGAAP ₦	Reclassifications ₦	IFRS as at 31 Dec 2013 ₦
Assets				
Non-current assets				
Property, plant and equipment		6,459,092	-	6,459,092
Current assets				
Inventories		5,941,980	-	5,941,980
Accounts receivable and prepayments	A	152,883,717	(152,883,717)	-
Account receivables	B		145,175,000	145,175,000
Prepayments	C		7,708,717	7,708,717
Cash and short-term deposits		159,449,500	-	159,449,500
		-----	-----	-----
Total assets		324,734,289	-	324,734,289
		-----	-----	-----
Equity and liabilities				
Equity				
Accumulated funds		276,423,014	-	276,423,014
		-----	-----	-----
Total equity		276,423,014	-	276,423,014
		-----	-----	-----
Current liabilities				
Creditors and accruals	D	48,311,275	(48,311,275)	-
Accounts payable	E		48,311,275	48,311,275
		-----	-----	-----
Total liabilities		48,311,275	-	48,311,275
		-----	-----	-----
Total equity and liabilities		324,734,289	-	324,734,289
		=====	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.4. First-time adoption of IFRS continued

Reconciliation of Statement of income or expenditure for the year ended 31 December 2013

	NOTE	NGAAP ₦	Reclassifications ₦	IFRSas at 31 Dec 2013 ₦
Income				
<i>Donations in cash:</i>				
From public officers and government agencies		17,700,000	-	17,700,000
From private bodies		402,183,616	-	402,183,616
		-----	-----	-----
		419,883,616	-	419,883,616
		-----	-----	-----
<i>Donations in kind:</i>				
From public officers and government agencies		678,086,218	-	678,086,218
From private bodies		174,440,000	-	174,440,000
		-----	-----	-----
		852,526,218	-	852,526,218
		-----	-----	-----
Other income	F	4,348,724	(4,315,724)	33,000
Finance income	G	-	4,315,724	4,315,724
		-----	-----	-----
		4,348,724	-	4,348,724
		-----	-----	-----
Gross income		1,276,758,558	-	1,276,758,558
Provision for pledges not redeemed	H	(2,400,000)	2,400,000	-
Impairment losses on receivables	I		(2,400,000)	(2,400,000)
		-----	-----	-----
Net income		1,274,358,558	-	1,274,358,558
		-----	-----	-----
Expenditure				
Supporting services expenses	J	-	(1,091,637,208)	(1,091,637,208)
Support to security agencies	K	(1,091,637,208)	1,091,637,208	-
Administrative expenses	L	(39,347,790)	39,347,790	-
Bank charges	M	(347,108)	347,108	-
Employee benefits expense	N	-	(5,263,000)	(5,263,000)
Depreciation of property, plant and equipment	O	-	(2,767,367)	(2,767,367)
Rental expenses	P	-	(5,876,618)	(5,876,618)
Other operating expenses	Q	-	(25,787,913)	(25,787,913)
		-----	-----	-----
Total expenses		(1,131,332,106)	-	(1,131,332,106)
		-----	-----	-----
Surplus for the year		143,026,452	-	143,026,452
		=====	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

2.4. First-time adoption of IFRS continued

Notes to the reconciliation of equity as at 1 January 2013 and 31 December 2013 and statement of income or expenditure for the year ended 31 December 2013.

	2013 ₦	At 1 Jan 2013 ₦
A		
Accounts receivable and prepayments		
Accounts receivable and prepayments under NGAAP	152,883,717	13,100,208
Reclassified to account receivables	(145,175,000)	(3,125,000)
Reclassified to prepayments	(7,708,717)	(9,975,208)
	-----	-----
	-	-
	=====	=====

Accounts receivable and prepayments presented under NGAAP have been presented under the appropriate IFRS headings.

	2013 ₦	At 1 Jan 2013 ₦
B		
Accounts receivables		
Accounts receivables under NGAAP		
Reclassified from accounts receivable and prepayments	145,175,000	3,125,000
	-----	-----
Accounts receivables under IFRS	145,175,000	3,125,000
	=====	=====

Accounts receivable and prepayments presented under NGAAP have been presented under the appropriate IFRS heading as account receivables.

	2013 ₦	At 1 Jan 2013 ₦
C		
Prepayments		
Prepayments under NGAAP		
Reclassified from accounts receivable and prepayments	7,708,717	9,975,208
	-----	-----
Prepayments under IFRS	7,708,717	9,975,208
	=====	=====

Accounts receivable and prepayments presented under NGAAP have been presented under the appropriate IFRS heading as prepayments.

	2013 ₦	At 1 Jan 2013 ₦
D		
Creditors and accruals		
Creditors and accruals under NGAAP	48,311,275	28,895,708
Reclassified to accounts payables	(48,311,275)	(28,895,708)
	-----	-----
	-	-
	=====	=====

Creditors and accruals presented under NGAAP have been presented under the appropriate IFRS headings.

	2013 ₦	At 1 Jan 2013 ₦
E		
Accounts payables		
Accounts payables under NGAAP		
Reclassified from creditors and accruals	48,311,275	28,895,708
	-----	-----
Accounts payables under IFRS	48,311,275	28,895,708
	=====	=====

Creditors and accruals presented under NGAAP have been presented under the appropriate IFRS heading as account payables.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2013 ₦
F Other income	
Other income under NGAAP	4,348,724
Reclassified to finance income	(4,315,724)

Other income under IFRS	33,000
	=====

Interest earned on short term placements was presented as part of other income under NGAAP. This has been reclassified and presented under the appropriate IFRS heading.

	2013 ₦
G Finance income	
Finance income under NGAAP	
Reclassified from other income	4,315,724

Finance income under IFRS	4,315,724
	=====

Interest earned on short term placements was presented as part of other income under NGAAP. This has been reclassified and presented under the appropriate IFRS heading.

	2013 ₦
H Provision for pledges not redeemed	
Provision for pledges not redeemed under NGAAP	2,400,000
Reclassified to impairment losses on receivables	(2,400,000)

Provision for pledges not redeemed under IFRS	-
	=====

Charge for the year on impaired unredeemed pledges was presented as provision for pledges not redeemed under NGAAP. Under IFRS, this has been presented under the appropriate IFRS heading.

	2013 ₦
I Impairment losses on receivables	
Impairment losses on receivables under NGAAP	-
Reclassified to provision for pledges not redeemed	2,400,000

Impairment losses on receivables under IFRS	2,400,000
	=====

Charge for the year on impaired unredeemed pledges was presented as provision for pledges not redeemed under NGAAP, under IFRS, this has been presented under the appropriate IFRS heading as impairment losses on receivables.

	2013 ₦
J Supporting services expenses	
Supporting services expenses under NGAAP	
Reclassified to support to security agencies	1,091,637,208

Supporting services expenses under IFRS	1,091,637,208
	=====

Support to security agencies have been presented as supporting services expenses in the statement of income or expenditure.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2013
K	₦
Support to security agencies	1,091,637,208
Support to security agencies under NGAAP	(1,091,637,208)
Reclassified to supporting services expenses	-----
Support to security agencies under IFRS	-
	=====

	2013
L	₦
Administrative expenses	39,347,790
Administrative expenses under NGAAP	(25,440,805)
Reclassified to other operating expenses	(5,263,000)
Reclassified to employee benefit expenses	(5,876,618)
Reclassified to rental expenses	(2,767,367)
Reclassified to depreciation of property, plant and equipment	-----
Administrative expenses under IFRS	-
	=====
Administrative expenses presented under NGAAP have been presented under the appropriate IFRS heading.	

	2013
M	₦
Bank charges	347,108
Bank charges under NGAAP	(347,108)
Reclassified to other operating expenses	-----
Bank charges under IFRS	-
	=====
Bank charges presented under NGAAP have been presented under the appropriate IFRS heading.	

	2013
N	₦
Employee benefit expenses	5,263,000
Employee benefit expenses under NGAAP	(5,263,000)
Reclassified from administrative expenses	-----
Employee benefit expenses under IFRS	5,263,000
	=====
Salaries and wages under NGAAP was classified as part of administrative expenses, under IFRS this has been presented as employee benefit expenses in the Statement of income or expenditure.	

	2013
O	₦
Depreciation of property, plant and equipment	-
Depreciation of property, plant and equipment under NGAAP	2,767,367
Reclassified from administrative expenses	-----
Provision for pledges not redeemed under IFRS	2,767,367
	=====
Depreciation of property, plant and equipment under NGAAP was classified as part of administrative expenses; under IFRS this has been presented as depreciation of property, plant and equipment in the statement of income or expenditure.	

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2013
P Rental expenses	N
Rental expenses under NGAAP	-
Reclassified from administrative expenses	5,876,618

Other operating expenses under IFRS	5,876,618
	=====

Administrative expenses presented under NGAAP have been presented under the appropriate IFRS heading as rental expenses.

	2013
Q Other operating expenses	N
Other operating expenses under NGAAP	-
Reclassified from administrative expenses	25,440,805
Reclassified from bank charges	347,108

Other operating expenses under IFRS	25,787,913
	=====

Administrative expenses presented under NGAAP have been presented under the appropriate IFRS heading.

R Statement of cash flows
The transition from Nigerian GAAP to IFRS has not had a material impact on the statement of cash flows.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

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:"

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

Property, plant and equipment

The Fund carries its property, plant and equipment at cost in the Statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Fund's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For more details refer Note 14".

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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

4. New and amended standards and interpretations issued but not yet effective including IFRS update

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.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but no impact on the classification and measurement of the Fund's financial liabilities.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Annual improvements

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Fund. They include:

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Fund given that the Fund has not used a revenue-based method to depreciate its non-current assets.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

5	Donations in cash		
5a	Donations from public officers and government agencies:		
		2014	2013
	Donors	₦	₦
	Nigerian Ports Authority	39,600,000	13,200,000
	Lagos state executive council members	500,000	1,800,000
	Major Panox (Rtd)	200,000	200,000
	Mr. Ayodeji Gbeleyi	100,000	-
	Mr. Toyin Ayinde	100,000	-
	Ministry of Transportation	100,000	-
	Mr. Ben Akabueze	100,000	-
	Mr. Folorunso Coker	100,000	-
	Mrs. Olayinka S. Oladunjoye	100,000	-
	Mr. Ibirogba Aderemi	100,000	-
	Mrs. Olusola Oworu	100,000	-
	Mr. Tunji Bello	100,000	-
	Mrs. Oluseyi Williams	100,000	-
	Mrs. F. M. Oguntuase	100,000	100,000
	Dr. Mrs. Yewande Olaseni Adeshina	100,000	100,000
	Federal Inland Revenue Service Staff Co-operative Multi-purpose Society	50,000	-
	Body of Permanent Secretaries of Lagos state	-	1,500,000
	Lagos state deputy governor's office	-	250,000
	Mr. Babalola Olanrewaju - Chief of staff	-	250,000
	Mr. Wahid Enitan Oshodi	-	100,000
	Mr. Seye Oladejo	-	100,000
	Mr. Jide Idris	-	100,000
		-----	-----
		41,550,000	17,700,000
		=====	=====
5b	Donations from private bodies:	2014	2013
	Donors	₦	₦
	Oyenike A.A	300,000	-
	Rostrum Club	250,000	-
	Leadway Assurance Company Limited	2,000,000	2,000,000
	Abimbola Oyenike	1,000,000	-
	Peter J. Waseni	20,000	-
	Anne Marie School	30,000	-
	LASACO Assurance Plc	10,000,000	-
	Charis International University	1,000,000	-
	Council of Obas & Chiefs of Lagos State	10,000,000	10,000,000
	First Bank of Nigeria Plc	75,000,000	75,000,000
	Uche Nwokedi & Co.	500,000	-

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	₦	₦
Donors	1,000,000	-
Jeebati Enterprises	20,000	-
Maria Breed Montessori School	300,000	-
Air France	25,000	-
Alhaji L.O. Salako	50,000	-
Fatai Fashola	200,000	-
Hon. Justice Olorunnimbe	50,000	-
Prof. Abisogun Leigh	20,000	-
Mrs. Omolara Ajayi Euler	1,000,000	-
Alh. (Dr.) S.O. Babalola	500,000	-
Harmony Abattoir services	200,000	-
C-Way Group Nigeria Limited	1,000,000	-
Metropolitan Construction Company Nigeria Limited	5,000	-
CSP. EluwaUkaObass	5,000	-
Lt. Col. Friday Ayanam	10,000	-
Mr. Nsikau Ekure	10,000	-
Pastor Olatunde Santos	100,000	-
Mr. Anthony Idigbe San	250,000	250,000
Halogen Security Company Limited	50,000	-
Mrs. Iyabowale Aluko	50,000	-
Mrs. Obafemi Aluko	250,000	-
Toyin Ayinde & Associates	25,000	-
Moreniba Enterprises	100,000	-
Mr. N. Kekere-Ekun	1,000,000	-
Mainstreet Bank Limited	10,000,000	-
Stanbic IBTC Bank Plc	500,000	1,000,000
Orange Island Development Company	70,000	60,000
Aare Kamorudeen Ajao Danjuma	10,000	20,000
Wisdom Hall International School	50,000	-
Mr. Bayo Adiamo	500,000	500,000
Contact Solutions Limited	1,400,000	-
Heritage Bank Plc	50,000,000	100,000,000
Zenith Bank Plc.	122,418	-
Proceeds from donation boxes	-	80,000,000
Lebanese Nigeria Initiatives	-	50,000,000
Skye Bank Plc	-	50,000,000
Intels Nigeria Limited	-	3,000,000
Energia Limited	-	2,500,000
Ibalex Nigeria Limited	-	2,000,000
YF Construction Company	-	1,700,000
A.A Oyenike	-	1,500,000
Jubaili Bros. Engineering Limited	-	1,500,000
Association of Fast Foods Confectioners of Nigeria	-	1,250,000
Body of Retired Judges of Lagos State	-	1,000,000
Lekki Concession Company Limited	-	1,000,000
Sofunde, Osakwe, Ogundipe&Belgore: Legal Practitioners	-	1,000,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	₦	₦
Donors	-	1,000,000
Professor Itse Sagay	-	1,000,000
Mainstreet Bank Limited	-	1,000,000
Kayode Sofola & Associates	-	1,000,000
Elektrint Nigeria Limited	-	1,000,000
Simmons Cooper Partners	-	1,000,000
Alhaji M.A.K Smith I.G (Rtd)	-	1,000,000
Mike Igbokwe	-	550,000
The Redeemed Evangelical Mission	-	500,000
Wole Olanipekun & Co.	-	500,000
Victoria Crown Plaza Hotel	-	500,000
Universal Holding/ Moyosore Aboderin Foundation	-	500,000
Professor Taiwo Osipitan (SAN)	-	500,000
Mr. & Mrs. Chacin No	-	500,000
Favourite Club	-	500,000
Chrisolath Nigeria Limited	-	500,000
Chief Molade Okoya-Thomas	-	250,000
Righteous Construction Company	-	250,000
Reddington Hospital	-	250,000
Abiodun Owonikoko (SAN)	-	250,000
Omooba Olumuyiwa Sosanya	-	250,000
Mr. Adesegun Ogunlewe	-	250,000
Nasrul-Lahi-L-Fatih Society	-	250,000
Mr. Oshoffa Mathew Olatosho	-	250,000
Mr. Babajide Sanwo-Olu	-	250,000
Dr. A. Onabowale	-	250,000
Lagos State Cooperative Federation	-	200,000
Samir Elokeili	-	200,000
Mr. Nnaemeka Ngige (SAN)	-	200,000
Erelu Abiola Dosunmu	-	200,000
C-Way Group Nigeria Limited	-	200,000
Akin Delano Legal Practitioners	-	200,000
Rolam Preparatory School	-	200,000
Proceeds from donation boxes	-	188,616
Abraham Adesanya Housing Estate	-	150,000
Mr. Vinod Kaurani	-	150,000
Toyin Ayinde & Associates	-	100,000
Prince Ademola Dada	-	100,000
Mr. Adelanwo	-	100,000
Investment Paragon Limited	-	100,000
Mr. Hussain Rotimi	-	100,000
Disun & Yinka Holloway	-	100,000
F.A. Kassim Survey Associates	-	100,000
Engr. Gbolahan Yishawu	-	100,000
Dr. T.A Kekere-Ekun	-	100,000
Akanimo Ekone	-	100,000
RINET Advertising Limited	-	100,000
Delicious Treat Eatery	-	50,000
P.C.R.C Lion Building Division	-	50,000
Mr. Adeyemi	-	50,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	N	N
Donors	-	50,000
Mrs. Iyabowale Aluko	-	50,000
Mr. Salvador A. Igboyega	-	50,000
Mr. Obanifemi Aluko	-	50,000
Mr. Bosun Jeje	-	50,000
Lanre Bashorun	-	50,000
Jimmy Bello (JP)	-	50,000
Hon. Arole Fancy	-	50,000
Dr. Bunmi Omoseyindemi	-	50,000
Smiley Kids Montessori (Heritage Place)	-	50,000
Dayo Adiamo	-	50,000
Chief Raymond Ihyembe	-	50,000
Alhaji S.M. Idowu	-	35,000
Mustard Insurance Brokers Limited	-	30,000
Mr. Dikko Junaid	-	25,000
Mr. Oriyomi Ayeola	-	25,000
New Dawn Cleaning Services Nigeria Limited	-	25,000
Elder Ajayi	-	20,000
Prince Obieze Emebo	-	20,000
Mr. Obafolarin Aluko	-	20,000
Mr. S.E. Okpithe	-	20,000
Maria Breed Montessori School	-	20,000
Adepeju Clara Da-Silva	-	10,000
Mr. Dele Abiodun	-	10,000
Christ Apostolic Church Olorunsogo Lagos	-	5,000
Pastor Olatunde Santos	-	-
Anonymous donor	1,015,700	-
	<u>169,988,118</u>	<u>402,183,616</u>
	=====	=====
6 Donations in kind		
6a Donations from public officers and government agencies:	2014	2013
	N	N
Lagos State Government	557,000,000	-
100 Toyota Hillux Patrol Vehicles	127,500,000	-
150 Motor Bikes	435,075,557	470,432,618
Supply of 4.6m litres (2013: 4.9m litres) of Premium Motor Spirit (PMS)	188,056,075	207,653,600
Supply of 1.2m litres (2013: 1.3m litres) of Automated Gasoline Oil (AGO)	379,816	-
Supply of 4 drums of Lubricants (Motor Delvac 1340 Engine Oil)	-	-
	<u>1,308,011,448</u>	<u>678,086,218</u>
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

6b	Donations from private bodies:		
		2014	2013
		₦	₦
	Total E&P Nigeria Limited 4 Toyota Hillux	24,120,000	11,200,000
	Standard Chartered Bank of Nig. Ltd 20 bullet proof vests	2,400,000	-
	SCOA Motors Plc. (C/o Lebanese Nig. Initiatives) One 2014 MAN Diesel Troop carrier truck	20,000,000	-
	Heritage Bank Two Toyota Hilux & ten motor bikes	18,700,000	-
	MTN Foundation 25 units of Toyota Hilux	-	140,000,000
	Nigerian Breweries Plc 4 units of Toyota Hilux	-	22,400,000
	Nigeria Stock Exchange 7 bullet proof vests	-	840,000
	Eco Bank Plc Two Toyota Hilux	11,800,000	
		-----	-----
		77,020,000	174,440,000
		=====	=====
7	Other income	2014	2013
		₦	₦
	Gain on sale of scraps	2,352,500	33,000
	Others	1,553,618	-
		-----	-----
		3,906,118	33,000
		=====	=====
	Others represent amounts accrued in previous years that are no longer required.		
8	Finance income		
	Interest income	5,188,888	4,315,724
		-----	-----
		5,188,888	4,315,724
		=====	=====
	Interest income relates to income from fixed deposit		

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 ₦	2013 ₦
9		
Support to security agencies		
Donated vehicles, equipment and other supplies issued to security agencies (Note 9a)	748,000,000	853,126,218
Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b)	904,636,753	206,148,500
Repairs and branding (Note 9c)	40,599,600	32,362,490
	-----	-----
	1,693,236,353	1,091,637,208
	=====	=====
9a		
Donated vehicles, equipment and other supplies issued to security agencies	2014	2013
Beneficiaries	₦	₦
Lagos State Police Command		
6 Units of Toyota Hilux	33,800,000	-
10 Motor Bikes	8,500,000	-
10 Units of Bullet proof vests	1,200,000	-
4.9 million litres of PMS	-	470,432,618
1.3 million litres of AGO	-	207,653,600
13 units of Toyota Hilux	-	72,800,000
6 units of Bullet proof vests	-	720,000
Lagos State Rapid Response Squad (RRS)		
100 Units of Hilux patrol vehicles	557,000,000	-
150 Units of motor bikes	127,500,000	-
1 Unit of M.A.N Diesel Truck	20,000,000	-
4 units of Toyota Hilux	-	22,400,000
6 units of Smart phones	-	720,000
Special Anti-Robbery Squad (SARS)		
3 units of Toyota Hilux	-	16,800,000
Nigeria Drug Law Enforcement Agency (NDLEA)		
2 units of Toyota Hilux	-	11,200,000
State Security Service (SSS)		
2 units of Toyota Hilux	-	11,200,000
Special Fraud Unit (SFU)		
2 units of Toyota Hilux	-	11,200,000
Nigerian Army: Operation MESA		
2 units of Toyota Hilux	-	11,200,000
Nigerian Police Airport Command		
2 units of Toyota Hilux	-	11,200,000
State Intelligence Bureau (SIB)		
1 unit of Toyota Hilux	-	5,600,000
	-----	-----
	748,000,000	853,126,218
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

9b	Purchased vehicles, equipment and other supplies issued to security agencies	2014
	Beneficiaries	N
	Lagos State Police Command	
	Construction of 6 Back Cabins with seats on Toyota Hilux donated	840,000
	6 mobile base radio sets with 6 sets of amber lights	1,480,000
	9 sets each of security bar lights with siren and mobile base radio sets on vehicles refurbished	1,780,000
	Communication equipment (Digital repeaters)	10,359,163
	Fuelling of marine Gun boats	19,585,001
	2 units Ford Rangers XLT pick up vans	10,000,000
	Restoration and installation of digital repeaters for the Police Command HQtrs	4,439,642
	1 unit of Toyota Corolla 1.8 A/T 2014,	4,750,000
	8 units of Toyota Hilux	49,900,000
	1 Toyota Prado txl as undercover vehicle for the new commissioner	10,300,000
	122 Nikkon cool pix 4gb cameras	2,013,000
	3 mobile base radio sets and 3 bar lights	906,750
	Construction of back cabins with seats	600,000
	 Lagos State Rapid Response Squad (RRS)	
	1 Ford Ranger XLT (2014 Model)	4,950,000
	100(nos.) rolls (5000mtrs) of materials for police uniforms	7,350,000
	1 mobile base radio set and one revolving security bar light	270,000
	Construction of back cabin with seats	120,000
	Production & supply of 1000 custom made sweaters	3,400,000
	100 units of Motorola GP 340 Radio 146-174MHZ 16 channels UHF with battery and other accessories	9,000,000
	200 sets of custom made riders gear	26,000,000
	1,000 badges	1,500,000
	20 units of Dunlop tyres	1,400,000
	Cash rewards for gallantry to deserving officers	600,000
	4,555,765 litres Premium Motor Spirit (PMS)	435,075,558
	1,213,265 litres of Automated Gasoline Oil (AGO)	188,056,075
	4 drums of Lubricants (Motor Delvac 1340 Engine Oil)	379,814
	 State Security Service	
	1 Ford Ranger for patrol	5,000,000
	30 sets of Exspray Explosive Detector	1,125,000
	Cash rewards for outstanding SSS operatives	5,150,000
	 Nigerian Army: Operation MESA	
	5 units Toyota Hilux	26,300,000
	4 mobile base radio sets and 3 revolving security bar lights	940,000
	1 mobile base radio set and 1 revolving security bar light	246,750
	Construction of back cabins with seats on vehicles	360,000
	 Lagos State Task Force	
	1 mobile base radio set and one revolving Security bar lights on TATA Truck	270,000
	Construction of back cabins with seats	360,000
	1 unit of Tata Truck	7,800,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014
	N
Quick Response Group	
1 unit of Toyota Hilux Van	5,100,000
1 mobile base radio set and 1 revolving security bar light	270,000
Back Cabin with seat on 1 Toyota Hilux	120,000
Operation MESA- Navy	
2 units Toyota Hilux	10,200,000
Construction of back cabins with seats	240,000
2 mobile base radio sets and 2 bar lights	540,000
Fuelling for patrols of the sea-ways	11,520,000
Federal Special Anti-Robbery Squad (FED. SARS)	
2 units of Toyota Hilux vans	10,200,000
2 Back Cabins with seats on the 2 Toyota Hilux	240,000
2 sets of mobile base radios and 2 sets of revolving bar lights	540,000
Special Anti-Robbery Squad (SARS)	
1 unit of Toyota Hilux van	5,100,000
Back Cabins with seats on Toyota Hilux	240,000
2 mobile base radio sets and one revolving security bar lights on vehicles	670,000
1 Toyota Hiace Bus	6,500,000
1 unit of Hummer Hiace Bus	10,550,000

	904,636,753
	=====
	2013
	N
Beneficiaries	
Lagos State Police Command	
6 units of Toyota Hilux	30,600,000
Fuelling of Marine police gun boats	18,240,000
1 unit of Toyota Hilux double cabin	6,500,000
Sponsorship of Nigeria Police games	5,000,000
9 sets each of mobile base radio, revolving security bar lights and siren	2,430,000
Settlement of hospital bills of police officer injured in the line of service	1,500,000
Cash award for RRS operatives	700,000
2 sets of revolving security bar lights and siren	600,000
Construction of 3 back cabins with seats	360,000
Lagos State Rapid Response Squad (RRS)	
5 units of Toyota Hilux	25,500,000
480 units of tyres	11,760,000
1 unit of Toyota Land Cruiser Prado Jeep	10,500,000
500 units of rain gear	5,000,000
500 units of custom made worsted wool sweater	3,100,000
6 sets each of mobile base radio, revolving security bar light and siren	1,350,000
Construction of 5 Back cabins with seat	870,000
Construction of 2 Back cabins without seat	220,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2013 ₦
State Security Service	
Installation of masts and antennae	30,473,000
Nigerian Navy	
Supply of AGO	4,800,000
Nigerian Army: Operation MESA	
1 unit of Toyota Hilux	5,100,000
30 units of tyres	650,000
1 set each of mobile base radio, revolving security bar light and siren	270,000
Construction of 1 back cabin seat	120,000
Lagos State Task Force	
3 units of Toyota Hilux	15,300,000
Nigerian Immigration Service	
2 units of security bar lights	280,000
Construction of 2 Back cabins with seats	240,000
Quick Response Group (QRG)	
3 units of Toyota Hilux (Double Cabin)	19,500,000
3 sets each of mobile base radio and 3 amber lights on the vehicles donated	810,000
Construction of 3 back cabin seats	360,000
Neighborhood Watch	
Organisation of a two-day workshop on Intelligence gathering	2,440,000
Nigerian Air Force: Operation MESA	
47 units of tyres	1,093,500
Counter Terrorism Unit	
20 units of tyres	482,000

	206,148,500
	=====
9c Repairs and branding	
	2014 ₦
Nigerian Army: Operation MESA	
Full body spraying and branding of 1 Hillux Toyota	100,000
Full body branding of vehicles two Toyota Hilux	80,000
Full body spraying and branding of three Hillux	240,000
Full body spraying and branding of three Hillux	240,000
Quick Response Group (QRG)	
Full body spraying and branding of 1 Toyota Hilux	40,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 ₦
Nigerian Navy: Operation MESA	
Branding of 2 vehicles	200,000
Lagos State Rapid Response Squad (RRS)	
Service parts and routine service of 132 (nos.) patrol vehicles, trucks and undercover cars	6,392,700
Replacement of engines of 10 Frajend bikes	2,500,000
Service parts for the routine service of 174 (nos.) RRS vehicles including 8 Izuzu troop carriers	4,338,000
Repairs of five badly damaged RRS vehicles	2,362,500
Service (labour charges), on routine service of 43(nos.) patrol vehicles, undercover cars, and Trucks	352,600
Repair of damaged communication equipment at the RRS control room	990,000
Routine service of 30 patrol vehicles	300,000
Routine service of 20 APCs	1,600,000
Service (labour charges), on routine service of 89(nos.) patrol vehicles, undercover cars, and Trucks	795,800
Repairs of five damaged RRS patrol vehicles	1,575,000
Service of 48(nos) RRS patrol vehicles	428,000
Refurbishment of 8 trucks in use by the RRS	2,887,500
Repairs of damaged fuel line systems in APCs SWAT 23,28,27,09,22,07,12	1,331,500
Repairs on APC SWAT 15	326,500
General repairs carried out on APC SWAT 25	352,000
Repairs of APC SWAT 02	570,000
Repairs of APC SWAT 25 (Oshodi)	526,000
Repairs of APC SWAT 19 (Mushin) and SWAT 27 (Ojota)	330,000
Routine service of nine APCs	720,000
Repairs on APC SWAT 09	198,000
Repairs of three APCs	210,000
Repairs of APCs Swat 05&21	460,000
Repairs of 1 APC Swat 24	250,000
Routine service of nine APCs (Ford & Mercedes Benz)	720,000
Lagos State Police Command	
Branding of one Toyota Hilux	40,000
Routine service of seven gun boats	698,000
Routine service of the 7 gun boats	698,000
Repair of one badly damaged patrol vehicle	526,500
General over hauling of two vehicles	750,800
General overhauling of two badly damaged patrol vehicles	1,126,200
Repair of one badly damaged vehicle	351,000
Routine service of 7 Gun Boats	969,000
Refurbishment of one vehicle	642,500
Branding of 6 vehicles	240,000
Repair of division patrol vehicle	180,750

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 N
Refurbishment of one patrol vehicle	421,750
Branding of one Hilux purchased as replacement for one badly and irreparably damaged patrol vehicle	80,000
Full Branding of three vehicles	120,000
Branding of four vehicles	160,000
Federal Special Anti-Robbery Squad	
Branding of two vehicles	80,000
Counter Terrorist Unit	
Repairs of three patrol vehicles	1,779,000
Lagos State Government Taskforce on Law & Enforcement	
Branding of 3 vehicles	240,000
Branding of one TATA truck donated to the Lagos State Taskforce on Law enforcement	80,000

	40,599,600
	=====
	2013 N
Nigerian Army: Operation MESA	
Refurbishing of 4 patrol vehicles	1,395,600
Repairs of 4 badly damaged operational vehicles	930,000
Repairs of 1 communication equipment	223,000
Branding of 4 vehicles	220,000
Repairs of 2 security bar lights	200,000
Lagos State Rapid Response Squad (RRS)	
Routine servicing of 145 operational vehicles	4,900,700
Repairs and servicing of 10 Armoured Personnel Carriers	4,821,000
Repairs and overhaul of 40 TVS motor bikes	3,071,165
Overhaul of 1 badly damaged Armoured Personnel Carrier SWAT 17	1,466,000
Repairs of 1 badly damaged Armoured Personnel Carrier SWAT 20	1,465,000
Overhaul of 1 badly damaged Armoured Personnel Carrier SWAT 07	937,125
Routine servicing of 97 operational vehicles	795,400
Repairs of 11 damaged patrol vehicles	558,600
Repairs of 16 RRS patrol vehicles' amber lights and siren	538,000
Full body branding of 5 Toyota Hilux vehicles	400,000
Repairs of 11 operational vehicles	372,400
Servicing of injector nozzles for 35 patrol vehicles	287,000
Repairs of 1 Armoured Personnel Carrier	270,000
Replacement of the clutch system of 1 Armoured Personnel Carrier	150,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2013
	₦
Lagos State Police Command	
Branding of 2 operational vehicles	80,000
Refurbishing of 4 badly damaged patrol vehicles	2,312,700
Repairs of 1 Gun boat	1,455,500
Repairs of 4 badly damaged patrol vehicles	1,511,800
Routine servicing of 7 gun boats	1,396,000
Repairs and servicing of 6 gun boats	917,500
Repairs of 4 Armoured Personnel Carriers	560,000
Branding of 11 donated vehicles	520,000
Branding of 1 purchased operational vehicle	60,000
Branding of 1 refurbished vehicle	40,000
Counter Terrorist Unit	
Repairs of 1 Armoured Personnel Carrier	508,000

	32,362,490
	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

		2014	2013
		N	N
10	Employee benefits expense		
	Wages and salaries	5,122,250	5,263,000
	Pension cost	399,750	-
		-----	-----
		5,522,000	5,263,000
		=====	=====
11	Rental expense		
	Rent expense for Lagos Security Trust Fund office space	3,946,999	3,500,000
	Service charge for office space	2,799,534	2,376,618
		-----	-----
		6,746,533	5,876,618
		=====	=====
12	Other operating expenses		
	Audit and other professional fees	15,825,000	8,000,000
	Bank charges	91,017	347,108
	Mid-year and annual Town hall meeting on security expenses	6,936,166	8,066,705
	Public awareness/media publications	-	3,219,642
	Trustees' remuneration	400,000	450,000
	General office expenses	3,600,000	3,600,000
	Renewal of website domain	140,000	75,000
	Other office maintenance expense	1,698,240	2,029,458
		-----	-----
		28,690,423	25,787,913
		=====	=====
13	Taxation		
	The income of LSSTF is exempted from company income tax in accordance with Section 15 of the Lagos State Security Trust Fund Law.		

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

14	Property, plant and equipment				
		Office furniture & equipment	Computer equipment	Motor vehicles	Total
		₦	₦	₦	₦
	Cost				
	As at 1 January 2014	2,074,599	1,162,000	13,895,000	17,131,599
	Additions during the year	2,171,500	182,500	4,300,000	6,654,000
		-----	-----	-----	-----
	As at 31 December 2014	4,246,099	1,344,500	18,195,000	23,785,599
	Additions during the year	140,000			140,000
	Disposals			(2,700,000)	(2,700,000)
		-----	-----	-----	-----
	As at 31 December 2014	4,386,099	1,344,500	15,495,000	21,225,599
		-----	-----	-----	-----
	Depreciation				
	As at 1 January 2014	2,074,589	864,571	11,619,980	14,559,140
	Charge for the year	320,509	223,945	2,222,913	2,767,367
		-----	-----	-----	-----
	As at 31 December 2014	2,395,098	1,088,516	13,842,893	17,326,507
	Charge for the year	577,875	124,507	1,325,011	2,027,393
	Disposals			(2,700,000)	(2,700,000)
		-----	-----	-----	-----
	As at 31 December 2014	2,972,973	1,213,023	12,467,904	16,653,900
		-----	-----	-----	-----
	Net Book Value				
	At 31 December 2014	1,413,126	131,477	3,027,096	4,571,699
		=====	=====	=====	=====
	At 31 December 2013	1,851,001	255,984	4,352,107	6,459,092
		=====	=====	=====	=====
	At 1 January 2013	10	297,429	2,275,020	2,572,459
		=====	=====	=====	=====

The Fund has item of depreciated Property, Plant and Equipment (PP&E) which has a gross carrying amount of N6,129,599 and have been fully depreciated as at 31 December 2013 but are still in use as at 31 December 2014.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 ₦	2013 ₦	At 1 Jan 2013 ₦
15 Inventories			
Bullet proof vests	1,200,000	120,000	-
Walkie Talkies	750,000	1,275,000	1,275,000
Monitors (HP)	20,000	20,000	20,000
Central Processing Unit (HP)	60,000	60,000	60,000
Desktops (Zinox)	80,000	80,000	80,000
Solar rechargeable lights	500,000	500,000	1,220,000
Disposable handcuffs	2,646,500	3,500,000	3,500,000
Indigo LED Lantern	176,000	192,500	192,500
Flash lights	117,040	108,680	108,680
Rechargeable radios	46,200	85,800	85,800
	-----	-----	-----
	5,595,740	5,941,980	6,541,980
	=====	=====	=====

Inventory represents items received from donors and/or purchased but not yet distributed to approve security agencies. During 2014, inventory worth ₦346,240 (2013: ₦600,000) was recognised as an expense in the statement of income or expenditure. This is recognised in direct support service.

	2014 ₦	2013 ₦	At 1 Jan 2013 ₦
16 Account receivables			
Pledged donations	121,400,000	172,125,000	27,675,000
Provision for impairment of unredeemed pledges (Note 16a)	(21,580,000)	(26,950,000)	(24,550,000)
	-----	-----	-----
	99,820,000	145,175,000	3,125,000
	=====	=====	=====

As at 31 December 2014, account receivables of an initial value of ₦1,130,000 (2013: ₦2,400,000) were impaired and fully provided for. This amount relates to provision for unredeemed pledges which were outstanding as at 31 December 2014 and are yet to be redeemed as of the date of circulation of the 2014 annual financial statements.

16a Movements in the provision for impairment of unredeemed pledges.			
Individually impaired			₦
At 1 January 2013			24,550,000
Charge for the year			2,400,000

At 31 December 2013			26,950,000
Charge for the year			1,130,000
Write-off			(5,700,000)
Recoveries			(800,000)

At 31 December 2014			21,580,000
			=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

As at 31 December, 2014 the ageing analysis of account receivables is, as follows

	Total	Neither past due nor impaired	Past due but not impaired	
			<30	>30
	₦	₦	₦	₦
2014	99,820,000	-	-	99,820,000
2013	145,175,000	-	-	145,175,000
At 1 Jan 2012	3,125,000	-	-	3,125,000

17 Other assets	2014	2013	At 1 Jan 2013
	₦	₦	₦
Prepaid office partitioning and remodeling	55,000	-	-
Prepaid insurance	294,288	215,000	1,516,875
Prepaid office rent	1,307,430	7,493,717	8,458,333
	-----	-----	-----
	1,656,718	7,708,717	9,975,208
	=====	=====	=====

18 Cash and short-term deposits	2014	2013	At 1 Jan 2013
	₦	₦	₦
Zenith Bank Plc	36,335,016	26,631,219	28,945,980
Sterling Bank Plc	8,794,671	6,979,144	6,660,310
First Bank of Nigeria Plc	15,211,801	55,862,579	38,357,587
Mainstreet Bank Ltd	-	2,562,434	11,329,950
Enterprise Bank Ltd	484,622	2,553,618	3,432,311
Skye Bank Plc	20,618,913	43,455,109	45,891,678
Guaranty Trust Bank Plc	2,133,147	7,352,397	3,209,807
Access Bank Plc	1,630,820	14,053,000	2,250,000
Stanbic IBTC	3,646,850	-	-
Heritage Bank	1,675,000	-	-
	-----	-----	-----
	90,530,840	159,449,500	140,077,623
	=====	=====	=====

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

Cash at bank	2014	2013	At 1 Jan 2013
	₦	₦	₦
	90,530,840	159,449,500	140,077,623
	-----	-----	-----
	90,530,840	159,449,500	140,077,623
	=====	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

19	Accounts payable	2014	2013	At 1 Jan 2013
	Audit fees	₦	₦	₦
	Consultancy fees	9,825,000	8,000,000	8,000,000
	Other accrued expenses	6,000,000	-	-
		41,615,113	40,311,275	20,895,708
		-----	-----	-----
		57,440,113	48,311,275	28,895,708
		=====	=====	=====

Included in other accrued expenses as at 31 December 2014 are outstanding payment for 5 Hilux trucks - ₦29.5 million, accrual for Restoration/installation of digital repeaters for the Police Command HQtrs - ₦4.4 million, accrual for Payment for the refurbishment of 8 trucks in use by the RRS - ₦2.7 million and other accruals - ₦5 million (31 December 2013 are outstanding payment for 6 purchased Hilux vehicles - N30.6 million, accruals for supply and servicing of operational equipment - N6.5 million and outstanding payment for supply of AGO for operational vehicles - N3.2 million). Account payables are non-interest bearing and normally settled on 30 to 90 day terms.

20	Employees' remuneration		
	The numbers of employees of the Fund, in receipt of emoluments within the following ranges were:		
		2014	2013
		Number	Number
	100,000 - 1,000,000	2	3
	1,000,001 - 2,000,000	3	2
		----	----
		5	5
		===	===

The aggregate cost of these employees was:

	Salaries and wages	2014	2013
		₦	₦
		5,522,000	5,263,000
		=====	=====

21 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.

Compensation of key management personnel of the Fund	2014	2013
	₦	₦
The key management personnel have been identified as the Board of Trustees of the Fund		
Short-term employee benefits	400,000	450,000
	=====	=====

The above represents remuneration paid to the Trustees of the Fund
The Trustees with no remuneration waived their rights to receive remuneration from the Fund during the year

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

22 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.

23 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 has exposure 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 and agrees 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

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 donor 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 bank balances and accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments.

The Fund does not anticipate non-performance by counterparties and has no significant concentrations of credit risk. Management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Fund's financial assets are secured by collateral or other credit enhancements. The Fund further minimizes its credit exposure by using only commercial banks. Refer to Note 16 and 18 for account receivables and cash and short term deposits

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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

Contractual maturities of assets and liabilities

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

	Carrying amount	Contractual cashflow	Less than 1 month	1 - 3 months
31 December 2014	₦	₦	₦	₦
<i>Assets</i>				
Cash and cash equivalents	90,530,840	90,682,045	66,340,096	24,341,949
Account receivables	99,820,000	99,820,000	-	99,820,000
	-----	-----	-----	-----
	190,350,840	190,502,045	66,340,096	124,161,949
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	57,440,113	57,440,113	-	57,440,113
	-----	-----	-----	-----
	57,440,113	57,440,113	-	57,440,113
	-----	-----	-----	-----
Liquidity gap	132,910,727	133,061,932	66,340,096	66,721,836
	-----	-----	-----	-----
Cumulative liquidity gap	-	-	66,340,096	133,061,932
	=====	=====	=====	=====
31 December 2013	₦	₦	₦	₦
<i>Assets</i>				
Cash and cash equivalents	159,449,500	159,449,500	99,918,458	59,531,042
Account receivables	145,175,000	145,175,000	-	145,175,000
	-----	-----	-----	-----
	304,624,500	304,624,500	99,918,458	204,706,042
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	48,311,275	48,311,275	-	48,311,275
	-----	-----	-----	-----
	48,311,275	48,311,275	-	48,311,275
	-----	-----	-----	-----
Liquidity gap	256,313,225	256,313,225	99,918,458	156,394,767
	-----	-----	-----	-----
Cumulative liquidity gap	-	-	99,918,458	256,313,225
	=====	=====	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	Carrying amount	Contractual cashflow	Less than 1 month	1 - 3 months
1 January 2013	₦	₦	₦	₦
<i>Assets</i>				
Cash and cash equivalents	140,077,623	140,077,623	28,816,720	111,260,903
Account receivables	13,100,208	13,100,208	-	13,100,208
	-----	-----	-----	-----
	153,177,831	153,177,831	28,816,720	124,361,111
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	28,895,708	28,895,708	-	28,895,708
	-----	-----	-----	-----
	28,895,708	28,895,708	-	28,895,708
	-----	-----	-----	-----
Liquidity gap	124,282,123	124,282,123	28,816,720	95,465,403
	-----	-----	-----	-----
Cumulative liquidity gap	-	-	28,816,720	124,282,123
	=====	=====	=====	=====

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 period the placement is made and when it matures.

24 Commitments and Contingencies

Operating lease commitments:

The Fund currently leases office space under a one-year 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 Dec 2014 ₦3,946,999 (2013: ₦3,500,000) was expensed in the statement of income or expenditure in respect of the operating lease

25 Events after the reporting dates

Management has evaluated subsequent events up to the date of sign off of these financial statements, and there were no material events after the reporting date, which could have had material effects on the state of affairs of the Fund as at 31 December 2014.

26 Capital Management

The Fund capital 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 additional external borrowings.

LAGOS STATE SECURITY TRUST FUND

FIVE YEAR FINANCIAL SUMMARY

	IFRS			NGAAP	
	31 December 2014	31 December 2013	31 December 2012	31 December 2011	31 December 2010
Financial results					
Net income	1,604,534,572	1,274,358,558	1,326,994,068	2,099,905,594	1,271,065,565
Total expenditure	(1,736,222,702)	(1,131,332,106)	(1,545,378,054)	(2,041,140,973)	(1,097,877,128)
Surplus/(deficit) for the year	(131,688,130)	143,026,452	(218,383,986)	58,764,621	173,188,437
Financial position					
General funds	144,734,884	276,423,014	133,396,562	351,780,548	293,015,927
Employment of funds					
Property, plant and equipment	4,571,699	6,459,092	2,572,459	6,102,825	10,246,625
Current assets	197,603,298	318,275,197	159,719,811	358,428,152	299,860,652
Current liabilities	(57,440,113)	(48,311,275)	(28,895,708)	(12,750,429)	(17,091,350)
	144,734,884	276,423,014	133,396,562	351,780,548	293,015,927

Other than reclassification adjustments, there were no significant re-measurement adjustments that would have been required to make 2010 figures, reported under NGAAP, comply with IFRS.