

LAGOS STATE SECURITY TRUST FUND
LAGOS, NIGERIA
REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

LAGOS STATE SECURITY TRUST FUND
REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Legal and administrative information

Registered Office

Alpha Plaza
Block H3 Obafemi Awolowo Way
Central Business District
Alausa Ikeja
Lagos

Board of Trustees

Mr. Oye Hassan -Odukale, MFR	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
Lagos State Government Secretariat
Alausa Branch (Inside the Secretariat)
Alausa Ikeja
Lagos

Zenith Bank Plc
Lagos State Government Secretariat
Alausa Branch Ministry of Lands
Alausa Ikeja
Lagos

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Legal and administrative information - Continued

Bankers (continues)

First Bank of Nigeria Limited
40 Opebi Road off Allen Avenue
Adebola House Ikeja
Lagos

Sterling Bank Plc
9 Aromire Avenue
Aromire Branch Ikeja
Lagos

Guaranty Trust Bank Plc
Lagos State Government Secretariat
Alausa Branch (Inside the Secretariat)
Ikeja
Lagos

Access Bank Plc
183 Obafemi Awolowo Way
Opposite Lagos State Secretariat
Alausa Ikeja
Lagos

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

Stanbic Bank Plc
Ikeja City Mall Branch
Shoprite
Alausa
Lagos

United Bank for Africa Plc
15 Industrial Avenue
Ilupeju
Lagos

Fidelity Bank Plc
84 Ladipo Street
Matori
Lagos

LAGOS STATE SECURITY TRUST FUND
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Legal and administrative information - Continued

Bankers (continues)

Diamond Bank Plc
The Palms Shopping Center
Victoria Island
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 2015

Report of Trustees

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2015, 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:

Registered Office

Alpha Plaza
 Block H3 Obafemi Awolowo Way
 Central Business District
 Alausa Ikeja
 Lagos

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 Lagos 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.

	2015 N'000	2014 N'000
Results for the year		
Revenue	6,189,034,155 =====	1,596,569,566 =====
Surplus/ (deficit) for the year	308,151,999 =====	(131,688,130) =====

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

FOR THE YEAR ENDED 31 DECEMBER 2015

Employment of disabled persons

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

Employee health, safety and welfare

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

Employee training and involvement

The trustees maintain regular communication and consultation with the employees.

Auditors

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

By order of the Board of Trustees



Dr. Abdurrazaq Balogun
Executive Secretary

Lagos, Nigeria

06 December 2016

LAGOS STATE SECURITY TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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 surplus. 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.



.....
Oye Hassan -Odukale, MFR
Chairman



.....
Dr. Abdurrazaq Balogun
Executive Secretary/CEO

06 December 2016



**Building a better
working world**

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UBA House
57, Marina
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Lagos.

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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 2015, 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 2015 and of its surplus 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

12 December 2016



LAGOS STATE SECURITY TRUST FUND
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 ₦	2014 ₦
Income			
Donations in cash:			
From Public Officers and Government Agencies	5a	18,675,000	51,550,000
From Private Bodies	5b	557,769,835	159,988,118
		-----	-----
		576,444,835	211,538,118
		-----	-----
Donations in kind:			
From Public Officers and Government Agencies	6a	5,556,414,320	1,308,011,448
From Private Bodies	6b	56,175,000	77,020,000
		-----	-----
		5,612,589,320	1,385,031,448
		-----	-----
Other income	7	2,529,680	3,906,118
Finance income	8	1,209,672	5,188,888
		-----	-----
		3,739,352	9,095,006
		-----	-----
Gross income		6,192,773,507	1,605,664,572
Impairment losses on receivables	16a	-	(1,130,000)
		-----	-----
Net income		6,192,773,507	1,604,534,572
		-----	-----
Expenditure			
Support to Security Agencies	9	(5,843,915,770)	(1,693,236,353)
Employee benefits expense	10	(6,899,966)	(5,522,000)
Depreciation of property, plant and equipment	14	(2,081,731)	(2,027,393)
Rent expenses	11	(5,959,856)	(6,746,533)
Other operating expenses	12	(25,764,185)	(28,690,423)
		-----	-----
Total expenses		(5,884,621,508)	(1,736,222,702)
		-----	-----
Surplus/ (deficit) for the year		308,151,999	(131,688,130)
		=====	=====

The notes on pages 15 to 42 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 ₦	2014 ₦
Assets			
Non-current assets			
Property, plant and equipment	14	3,309,548	4,571,699
Current assets			
Inventories	15	26,230,000	5,595,740
Account receivables	16	9,100,000	99,820,000
Other assets	17	9,048,955	1,656,718
Cash and short-term deposits	18	438,117,675	90,530,840
Total assets		485,806,178	202,174,997
Equity and liabilities			
Equity			
Accumulated Fund		452,886,883	144,734,884
Total equity		452,886,883	144,734,884
Current liabilities			
Account payables	19	32,919,295	57,440,113
Total liabilities		32,919,295	57,440,113
Total equity and liabilities		485,806,178	202,174,997

The notes on pages 15 to 42 form part of these financial statements

The financial statements on pages 11 to 42 were approved and authorised for issue by the Board of Trustees on 06 December 2016 and were signed on its behalf by


.....
Mr. Oye Hassan -Odukale, MFR
Chairman


.....
Dr. Abdurrazaq Balogun
Executive Secretary/CEO

LAGOS STATE SECURITY TRUST FUND
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2015

	N
For the year ended 31 December 2015	
Fund At 1 January 2015	144,734,884
Surplus for the year	308,151,999

At 31 December 2015	452,886,883
	=====

	N
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
	=====

LAGOS STATE SECURITY TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 ₦	2014 ₦
Surplus/ (deficit) for the year		308,151,999	(131,688,130)
Non-cash adjustment to reconcile surplus/ (deficit) to net cash flows			
Depreciation	14	2,081,731	2,027,393
Finance income	8	(1,209,672)	(5,188,888)
Impairment losses on receivables	16a	-	1,130,000
Recoveries	16a	(685,000)	(800,000)
Profit on disposal of property, plant and equipment	7	(119,980)	-
Working capital adjustments:			
(Increase)/decrease in inventories		(20,634,260)	346,240
Decrease in account receivables		91,405,000	45,025,000
(Increase)/ decrease in other assets		(7,392,237)	6,051,999
(Decrease)/Increase in accounts payable		(24,520,818)	9,128,838
Cash generated from / (used in) operations		347,076,763	(73,967,548)
Cash flow from investing activities			
Purchase of property, plant and equipment	14	(819,600)	(140,000)
Interest received	8	1,209,672	5,188,888
Proceed on disposal of property, plant and equipment		120,000	-
Cash generated from investing activities		510,072	5,048,888
Increase/ (decrease) in cash and cash equivalents		347,586,835	(68,918,660)
Cash and cash equivalents at 1 January		90,530,840	159,449,500
Cash and cash equivalents at 31 December	18	438,117,675	90,530,840

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. Corporate information

The financial statements of the Lagos State Security Trust Fund (the "Fund") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Trustees on 06 Decembber 2016. 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 Alpha Plaza, Block H3, Obafemi Awolowo Way, Central Business District, Alausa, 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).

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 its assets and liabilities in the 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 a 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

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 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. Donated assets are recognised at their fair value at the date of the donation. A significant portion of donations are received through transfers into the Fund's bank account and/or via cheques while some are received in cash at the town hall meeting. The Board of Directors have decided to write off all un-redeemed pledges up to the time the Financial Statements are to be authorized for issue.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

Interest Income

For all financial instruments measured at amortized 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 and 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 initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, for which transaction costs are taken directly to the income statement. Financial Assets are subsequently measured based on their classification.

The Fund's financial assets include cash and short-term deposits and account receivables.

Account 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 amortized 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. The Funds account receivables are pledges made at town hall meeting redeemed before the financial statements are authorized for issue by the board.

Derecognition

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

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

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

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 amortized cost - Account receivables

The Funds account receivables are pledges made at town hall meeting. The Fund recognizes only pledges redeemed after year end up till the financial statements are authorized 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 amortized 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 and 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 and 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 and 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 amortized 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 (continued)

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, maximizing the use of relevant observable inputs and minimizing 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

i) 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 the statement of income and expenditure 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 statement of income and expenditure 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

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.

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 to 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 14 regulatory deferral accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Fund is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 defined benefit plans: employee contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Fund since the entity has no defined benefit plans with contributions from employees or third parties.

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 2018 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.

IFRS 16 Leases

The International Accounting Standards Board (IASB or Board) issued IFRS 16 Leases on 13 January 2016. The new standard requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. It is not expected that this amendment would be relevant to the Fund.

Annual improvements

Amendments resulting from annual improvements to IFRSs to the following standards will not have any material impact on the accounting policies, financial position or performance of the Fund. The annual improvements have effective date of 1 January 2015.

Annual improvements 2010-2012 Cycle

- IFRS 2 - Share-based Payment effective 1 July 2014
- IAS 16- Property, Plant and Equipment 1 July 2014
- IAS 24 - Related Parties effective 1 July 2014
- IAS 38- Intangible Assets 1 July 2014

Annual improvements 2011-2013 Cycle

- IFRS 13 - Fair value measurement effective 1 July 2014

Annual improvements 2012-2014 Cycle

- IAS 19 - Defined Benefit Plans: Employment contributions effective 1 January 2016
- IFRS 11 - Joint Arrangements: Accounting for Acquisitions of interests effective 1 January 2016
- IAS 27 - Equity Method in Separate Financial Statements effective 1 January 2016
- IFRS 10, IFRS 12 and IAS 28 - Investment entities: Apply the consolidation exception effective 1 January 2016
- IAS 1 - Disclosure initiative effective 1 January 16
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization effective 1 January 2016
- IFRS 5 - Changes in methods of disposal effective 1 January 2016
- IFRS 7 - Servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements effective 1 January 2016
- IAS 34 - Disclosure of information 'elsewhere in the interim financial reports' effective 1 January 2016

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

5	Donations in cash		
5a	Donations from Public Officers and Government Agencies:		
	Donors	2015	2014
		₦	₦
	Council of Obas & Chiefs of Lagos State	10,000,000	10,000,000
	Lagos State Executive Council Members	2,500,000	500,000
	Body of Permanent Secretaries of Lagos state	2,500,000	-
	Governor's Advisory Committee Lagos State	1,500,000	-
	Senator Remi Tinubu	1,000,000	-
	All Progressive Change Executives (Lagos chapter)	500,000	-
	Chief Henry Ajomale	250,000	-
	Mr. Tunji Bello	125,000	100,000
	Oba Shotobi Kabiru	100,000	-
	Mrs. Oluseyi Williams	50,000	100,000
	Honourable Arole Fancy	50,000	-
	Mrs. Olabisi Boco	50,000	-
	Oba Kamorudeen Oloja Epe	50,000	-
	Nigerian Ports Authority	-	39,600,000
	Major Panox (Rtd)	-	200,000
	Mr. Ayodeji Gbeleyi	-	100,000
	Mr. Toyin Ayinde	-	100,000
	Lagos State 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
	Mrs. F. M. Oguntuase	-	100,000
	Dr. Mrs. Yewande Olaseni Adeshina	-	100,000
	Federal Inland Revenue Service Staff (Multi-purpose) Co-operative Society Limited	-	50,000
		-----	-----
		18,675,000	51,550,000
		=====	=====
5b	Donations from private bodies:		
	Donors	2015	2014
		₦	₦
	Dangote Group	150,000,000	-
	United Bank for Africa Plc	100,000,000	-
	Zenith Bank Plc	50,000,000	50,000,000
	Skye Bank Plc	50,000,000	-
	Access Bank Plc	50,000,000	-
	NO. 1 Property Company	20,000,000	-
	Stanbic IBTC Bank Plc	20,000,000	-
	Wema Bank Plc	20,000,000	10,000,000
	Fidelity Bank Plc	20,000,000	-
	Chi Group	20,000,000	-
	Balance carried forward	20,000,000	-
		-----	-----
		500,000,000	60,000,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015 N	2014 N
Balance brought forward from previous page		
Donors	500,000,000	60,000,000
LASACO Assurance Plc		
Bank of Industry	10,000,000	10,000,000
Diamond Bank Plc	10,000,000	-
Leadway Assurance Company Limited	10,000,000	-
Keystone Bank Limited	5,000,000	2,000,000
Jubaili Bros. Engineering Limited	5,000,000	-
Ineh Mic Limited	3,000,000	-
National Union of Road Transport Workers	2,000,000	-
Abimbola Oyenike	2,000,000	-
Chief Ilori Eytayo	1,000,000	1,000,000
Road Transport Employers Association of Nigeria (RTEAN)	1,000,000	-
Superflux International	1,000,000	-
VDT Communications Limited	1,000,000	-
Metropolitan Construction Company Nigeria Limited	1,000,000	-
Contact Solution Limited	1,000,000	1,000,000
Orange Island Development Company Limited	1,000,000	500,000
Harmony Abattoir Services	500,000	500,000
MTOF Consulting Services	500,000	500,000
Anglican Diocese of Lagos	500,000	-
Great Brand Nigeria Limited	500,000	-
Halogen Securities Company Limited	300,000	-
Righteous Construction Company Nigeria Limited	250,000	250,000
Rhyss Farm Limited	250,000	-
Nigerian Investigation and Security Company	100,000	-
Chief Anthony Idigbe (SAN)	100,000	-
Mr. Rabih Mechleb	100,000	100,000
Mr. Obafemi Aluko	50,000	-
Mrs. Iyabo Aluko	50,000	50,000
Fatai Fashola	50,000	50,000
Saponaria Industry Limited	50,000	50,000
Robert Panesi	50,000	-
Ibrahim Fawaz	50,000	-
Babatunde Ayinde Mumuni	50,000	-
Mustapha Temitayo Mumuni	50,000	-
Society of Security Practitioners of Nigeria	50,000	-
Bashorun Reuben Olorunfunmi	50,000	-
Adeyinka Afolabi Fatai	50,000	-
Proceeds from donation boxes	50,000	-
Maria Breed Montessori School	36,835	122,418
Anonymous	20,000	20,000
Mustard Insurance Brokers Limited	8,000	1,015,700
Oyenike A.A	5,000	-
Rostrum Club	-	300,000
Heritage Bank Limited	-	250,000
Peter J. Waseni	-	1,400,000
Balance carried forward	-	20,000
	-----	-----
	557,769,835	79,128,118

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

6b	Donations from private bodies:		
		2015	2014
		₦	₦
	Toyota Elizade Nigeria Plc 5 Toyota Hilux	33,500,000	-
	Union Bank Plc 2 Toyota Hilux	13,400,000	-
	Concorde Security 10 Walk-through detector doors	7,000,000	-
	Nigerian Machine Tools 20 Unit of Bullet proof vests (without ballistic plate) 1 Unit of Hard-plate level IV	2,200,000 75,000	- -
	Total E&P Nigeria Limited 4 Toyota Hillux	-	24,120,000
	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
	Eco Bank Plc Two Toyota Hilux		11,800,000
		-----	-----
		56,175,000	77,020,000
		=====	=====
		2015	2014
		₦	₦
7	Other income		
	Gain on sale of scraps	1,178,000	2,352,500
	Gain on disposal of Property, plant and equipment	119,980	-
	Others	1,231,700	1,553,618
		-----	-----
		2,529,680	3,906,118
		=====	=====
	Others represent amounts accrued in previous years that are no longer required.		
8	Finance income		
	Interest income	1,209,672	5,188,888
		=====	=====
	Interest income relates to income earned on short term deposit.		

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015	2014
	N	N
9 Support to Security Agencies		
Donated vehicles, equipment and other supplies issued to security agencies (Note 9a)	4,825,780,000	748,000,000
Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b)	995,317,320	904,636,753
Repairs and branding (Note 9c)	22,818,450	40,599,600
	-----	-----
	5,843,915,770	1,693,236,353
	=====	=====
9a Donated vehicles, equipment and other supplies issued to security agencies	2015	2014
Beneficiaries	N	N
Lagos State Police Command and Nigerian Army		
6 unit of Toyota Hilux	39,660,000	-
69 unit of bullet proof vests	12,765,000	-
69 unit of Kevlar helmets	5,865,000	-
6 Units of Toyota Hilux	-	33,800,000
10 Motor Bikes	-	8,500,000
10 Units of Bullet proof vests	-	1,200,000
 Lagos State Rapid Response Squad (RRS)		
15 Armored Personnel Carriers	1,500,000,000	-
3 Patrol Helicopters (Bell)	1,218,000,000	-
2 Patrol Gunboats	846,808,450	-
55 Ford Ranger Pick-Ups	379,500,000	-
40 Toyota Corolla	260,000,000	-
29 Ford Fusion	174,129,050	-
10 Toyota Land Cruiser Pick-Ups	112,000,000	-
15 BMW Power Bikes	105,000,000	-
20 Ford Focus	95,700,000	-
11 Ford MG series	43,862,500	-
100 Power Bikes (SINOKI)	25,000,000	-
10 Bullet proof vest	1,200,000	-
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
 Operation MESA (Air Force)		
1 unit of Toyota Hilux	6,160,000	-
Supply and installation of 1 mobile base radio set	130,000	-
	-----	-----
	4,825,780,000	748,000,000
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015 N
9b Purchased vehicles, equipment and other supplies issued to security agencies Beneficiaries	
Lagos State Police Command	
75 unit of ballistic vest, 75 unit of ballistic helmet and 150 unit of rain coat	20,400,000
10 unit of UHF radio and 10 unit of security bar lights with siren	2,700,000
Construction of back cabins with seats on 10 unit Toyota Hilux	1,200,000
Cash rewards for gallantry to deserving female officer	268,000
Supply and installation of 1 mobile base radio set	130,000
Lagos State Rapid Response Squad (RRS)	
6,155,520 litres of Premium Motor Spirit (PMS)	526,296,960
1,584,000 litres of Automated Gasoline Oil (AGO)	250,351,200
27 drums of Lubricants (Motor Delvac 1340 Engine Oil)	19,766,160
100 unit of tyres and 50 unit of batteries	9,050,000
Supply of 200 tyres	4,800,000
Training allowance on communication skills	2,850,000
Nigerian Army: Operation MESA	
5 unit of Toyota Hilux	33,500,000
Supply and installation of 5 security bar lights and 5 VHF base radio (Motorola CM 140)	1,350,000
Construction of back cabins on 5 vehicles	600,000
Marine Police	
51,000 litres of Automated Gasoline Oil (AGO)	12,600,000
Naval Base	
48,000 litres of Automated Gasoline Oil (AGO)	7,125,000
Neighborhood Watch	
Reconstruction of collapsed 300 feet galvanized angle mast & replacement of 1 repeater for the Neighborhood Watch Outfit	15,000,000
Operation MESA- Navy	
3 unit of Toyota Hilux	20,100,000
Supply and installation of 3 security bar lights and 3 VHF base radio (Motorola CM 140)	810,000
Construction of back cabins on 3 vehicles	360,000
Operation MESA- Airforce	
3 unit of Toyota Hilux	20,100,000
Supply and installation of 3 security bar lights and 3 VHF base radio (Motorola CM 140)	810,000
Construction of back cabins on 3 vehicles	360,000
Joint Task Force	
3 months allowance for 337 officers for clearing Apapa traffic gridlock	44,790,000

	995,317,320
	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 N
Lagos State Police Command	
8 units of Toyota Hilux	49,900,000
Fueling of marine Gun boats	19,585,001
Communication equipment (Digital repeaters)	10,359,163
1 Toyota Prado txl as undercover vehicle for the new commissioner	10,300,000
2 units Ford Rangers XLT pick up vans	10,000,000
1 unit of Toyota Corolla 1.8 A/T 2014,	4,750,000
Restoration and installation of digital repeaters for the Police Command HQtrs	4,439,642
122 Nikkon cool pix 4gb cameras	2,013,000
9 sets each of security bar lights with siren and mobile base radio sets on vehicles refurbished	1,780,000
6 mobile base radio sets with 6 sets of amber lights	1,480,000
3 mobile base radio sets and 3 bar lights	906,750
Construction of 6 Back Cabins with seats on Toyota Hilux donated	840,000
Construction of back cabins with seats	600,000
Lagos State Rapid Response Squad (RRS)	
4,555,765 litres Premium Motor Spirit (PMS)	435,075,558
1,213,265 litres of Automated Gasoline Oil (AGO)	188,056,075
200 sets of custom made riders gear	26,000,000
100 units of Motorola GP 340 Radio 146-174MHZ 16 channels UHF with battery and other accessories	9,000,000
100(nos.) rolls (5000mtrs) of materials for police uniforms	7,350,000
1 Ford Ranger XLT (2014 Model)	4,950,000
Production & supply of 1000 custom made sweaters	3,400,000
1,000 badges	1,500,000
20 units of Dunlop tyres	1,400,000
Cash rewards for gallantry to deserving officers	600,000
4 drums of Lubricants (Motor Delvac 1340 Engine Oil)	379,814
1 mobile base radio set and one revolving security bar light	270,000
Construction of back cabin with seats	120,000
State Security Service	
1 Ford Ranger for patrol	5,000,000
Cash rewards for outstanding SSS operatives	5,150,000
30 sets of Exspray Explosive Detector	1,125,000
Nigerian Army: Operation MESA	
5 units Toyota Hilux	26,300,000
4 mobile base radio sets and 3 revolving security bar lights	940,000
Construction of back cabins with seats on vehicles	360,000
1 mobile base radio set and 1 revolving security bar light	246,750
Lagos State Task Force	
1 unit of Tata Truck	7,800,000
1 mobile base radio set and one revolving Security bar lights on TATA Truck	270,000
Construction of back cabins with seats	360,000
Balance carried forward	----- 842,606,753

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014
	N
Balance brought forward from previous page	842,606,753
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	
Fueling for patrols of the sea-ways	11,520,000
2 units Toyota Hilux	10,200,000
2 mobile base radio sets and 2 bar lights	540,000
Construction of back cabins with seats	240,000
Federal Special Anti-Robbery Squad (FED. SARS)	
2 units of Toyota Hilux vans	10,200,000
2 sets of mobile base radios and 2 sets of revolving bar lights	540,000
2 Back Cabins with seats on the 2 Toyota Hilux	240,000
Special Anti-Robbery Squad (SARS)	
1 unit of Hummer Hiace Bus	10,550,000
1 Toyota Hiace Bus	6,500,000
1 unit of Toyota Hilux van	5,100,000
2 mobile base radio sets and one revolving security bar lights on vehicles	670,000
Back Cabins with seats on Toyota Hilux	240,000

	904,636,753
	=====
9c Repairs and branding	
	2015
	N
Lagos State Rapid Response Squad (RRS)	
Supply of service parts for 109 pick-up vans, 3 Corolla cars, 9 Izuzu Trucks	3,549,100
Service parts for routine service of 134 patrol vehicles	3,349,400
Routine service of 15 APCs	1,500,000
Repairs of Ford F550, APC swat 28, APC swat 22 and APC swat 10	1,450,000
Repairs and full servicing of 45 patrol vehicles	1,284,750
Routine service of 12 armored personnel carriers	1,200,000
Labour charge for Routine service of 40 patrol vehicles	1,142,000
Repair of one APC (SWAT 27- OJOTA)	870,000
Labour for service of routine service for 96 patrol vehicles	787,200
Labour charge for the routine service of 87 patrol vehicles	713,400
Labour charge for routine service of 74 patrol vehicles	631,400
Repairs of 3 APCs (SWAT 25, 08 &13)	540,000
Labour for service of routine service for 43 patrol vehicles	352,600
Labour charge for Routine service of 38 patrol vehicles	311,600
Repairs of 4 APCs	290,000
Replacement of batteries on Swat 11 (Itamaga), Swat 13 (Epe), Swat 14 (Badagry prisons), Swat 16(Tom Jones) & Swat 25 (Oshodi) and repairs of Toyota Landcruiser Armoured Personnel Carrier Swat 16	300,000

Balance carried forward	18,271,450

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015 N
Balance brought forward from previous page	18,271,450
Nigerian Army: Operation MESA	
Full body spraying and branding of 5 operational vehicles	400,000
Nigerian Navy: Operation MESA	
Branding of 3 Toyota Hilux	240,000
Nigerian Airforce: Operation MESA	
Branding of 4 Toyota Hilux	300,000
Lagos State Police Command	
Repair of one accidented patrol vehicle	880,000
Branding of 1 Toyota Hilux	60,000
Marine Police	
Routine service of 6 gunboats	1,698,000
Routine service of seven police combat gunboats	969,000

	22,818,450
	=====
	2014 N
Nigerian Army: Operation MESA	
Full body spraying and branding of three Hilux	240,000
Full body spraying and branding of three Hilux	240,000
Full body spraying and branding of 1 Hilux Toyota	100,000
Full body branding of vehicles two Toyota Hilux	80,000
Quick Response Group (QRG)	
Full body spraying and branding of 1 Toyota Hilux	40,000
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
Service parts for the routine service of 174 (nos.) RRS vehicles	4,338,000
including 8 Izuzu troop carriers	2,887,500
Refurbishment of 8 trucks in use by the RRS	2,500,000
Replacement of engines of 10 Frajend bikes	2,362,500
Repairs of five badly damaged RRS vehicles	1,600,000
Routine service of 20 APCs	1,575,000
Repairs of five damaged RRS patrol vehicles	-----
Balance carried forward	22,555,700

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2014 N
Balance brought forward from previous page	22,555,700
Repairs of damaged fuel line systems in APCs SWAT 23,28,27,09,22,07,12	1,331,500
Repair of damaged communication equipment at the RRS control room	990,000
Service (labour charges), on routine service of 89(nos.) patrol vehicles, undercover cars, and Trucks	795,800
Routine service of nine APCs	720,000
Routine service of nine APCs (Ford & Mercedes Benz)	720,000
Repairs of APC SWAT 02	570,000
Repairs of APC SWAT 25 (Oshodi)	526,000
Repairs of APCs Swat 05&21	460,000
Service of 48(nos) RRS patrol vehicles	428,000
Service (labour charges), on routine service of 43(nos.) patrol vehicles, undercover cars, and Trucks	352,600
General repairs carried out on APC SWAT 25	352,000
Repairs of APC SWAT 19 (Mushin) and SWAT 27 (Ojota)	330,000
Repairs on APC SWAT 15	326,500
Routine service of 30 patrol vehicles	300,000
Repairs of 1 APC Swat 24	250,000
Repairs of three APCs	210,000
Repairs on APC SWAT 09	198,000
Lagos State Police Command	1,126,200
General overhauling of two badly damaged patrol vehicles	969,000
Routine service of 7 Gun Boats	750,800
General over hauling of two vehicles	698,000
Routine service of seven gun boats	698,000
Routine service of the 7 gun boats	642,500
Refurbishment of one vehicle	526,500
Repair of one badly damaged patrol vehicle	421,750
Refurbishment of one patrol vehicle	351,000
Repair of one badly damaged vehicle	240,000
Branding of 6 vehicles	180,750
Repair of division patrol vehicle	160,000
Branding of four vehicles	120,000
Full Branding of three vehicles	
Branding of one Hilux purchased as replacement for one badly and irreparably damaged patrol vehicle	80,000
Branding of one Toyota Hilux	40,000
Federal Special Anti-Robbery Squad	80,000
Branding of two vehicles	
Counter Terrorist Unit	1,779,000
Repairs of three patrol vehicles	
Lagos State Government Taskforce on Law & Enforcement	240,000
Branding of 3 vehicles	80,000
Branding of one TATA truck donated to the Lagos State Taskforce on Law enforcement	-----
	40,599,600
	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

10	Employee benefits expense	2015 N	2014 N
	Salaries and allowances	6,463,242	5,122,250
	Pension cost	436,724	399,750
		-----	-----
		6,899,966	5,522,000
		=====	=====
11	Rental expense		
	Rent expense for Lagos Security Trust Fund office space	3,680,719	3,946,999
	Service charge for office space	2,279,137	2,799,534
		-----	-----
		5,959,856	6,746,533
		=====	=====
12	Other operating expenses		
	Audit and other professional fees	10,000,000	15,825,000
	Mid-year and annual Town Hall meeting on security expenses	8,356,090	6,936,166
	General office expenses	2,928,434	3,600,000
	Other expenses	2,561,740	1,698,240
	Trustees' remuneration	850,000	400,000
	Insurance	555,044	-
	Renewal of website domain	295,600	140,000
	Bank charges	217,277	91,017
		-----	-----
		25,764,185	28,690,423
		=====	=====
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	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
Additions during the year	819,600	-	-	819,600
Disposals	-	-	(11,195,000)	(11,195,000)
	-----	-----	-----	-----
As at 31 December 2015	5,205,699	1,344,500	4,300,000	10,850,199
	-----	-----	-----	-----
Depreciation				
As at 1 January 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
Disposal	-	-	(2,700,000)	(2,700,000)
	-----	-----	-----	-----
As at 31 December 2014	2,972,973	1,213,023	12,467,904	16,653,900
Charge for the year	646,175	110,565	1,324,991	2,081,731
Disposals	-	-	(11,194,980)	(11,194,980)
	-----	-----	-----	-----
As at 31 December 2015	3,619,148	1,323,588	2,597,915	7,540,651
	-----	-----	-----	-----
Net Book Value				
At 31 December 2015	1,586,551	20,912	1,702,085	3,309,548
	=====	=====	=====	=====
At 31 December 2014	1,413,126	131,477	3,027,096	4,571,699
	=====	=====	=====	=====

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 2015 but are still in use as at 31 December 2015.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015	2014
	₦	₦
15 Inventories		
Toyota Hilux	13,400,000	-
Walkthrough scanner	7,000,000	-
Bullet proof vests (without ballistics)	2,200,000	-
Disposable handcuffs	1,499,000	2,646,500
Bullet proof vests (with ballistics)	1,110,000	1,200,000
Kevlar helmet	510,000	-
Solar rechargeable lights	436,000	500,000
Hard plate	75,000	-
Walkie Talkies	-	750,000
Monitors (HP)	-	20,000
Central Processing Unit (HP)	-	60,000
Desktops (Zinox)	-	80,000
Indigo LED Lantern	-	176,000
Flash lights	-	117,040
Rechargeable radios	-	46,200
	-----	-----
	26,230,000	5,595,740
	=====	=====

Inventory represents items received from donors and/or purchased but not yet distributed to approved security agencies. During 2015, inventory worth ₦935,960 (2014: ₦346,240) was recognised as an expense in the statement of income or expenditure. This is recognised in operating expenses.

	2015	2014
	₦	₦
16 Account receivables		
Pledged donations	9,100,000	121,400,000
Provision for impairment of unredeemed pledges (Note 16a)	-	(21,580,000)
	-----	-----
	9,100,000	99,820,000
	=====	=====

As at 31 December 2015, no provision was made on account receivables as only pledges redeemed after year end up till the financial statements are authorized for issue were recognized while pledges recognized in prior year not yet redeemed were written off.

16a Movements in the provision for impairment of unredeemed pledges.
Individually impaired

	N
At 1 January 2014	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
Write-off	(20,895,000)
Recoveries	(685,000)

At 31 December 2015	-
	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

As at 31 December, 2015 the ageing analysis of account receivables is, as follows

	Total	Neither past due nor impaired	Past due but not impaired	
			<30	>30
	₦	₦	₦	₦
2015	9,100,000	-	-	9,100,000
2014	99,820,000	-	-	99,820,000

17 Other assets	2015 ₦	2014 ₦
Prepaid office rent	8,876,712	1,307,430
Prepaid insurance	107,243	294,288
Prepaid (others)	65,000	-
Prepaid office partitioning and remodeling	-	55,000
	-----	-----
	9,048,955	1,656,718
	=====	=====

Other assets includes prepaid rent and prepaid insurance and others. Prepaid insurance and others are expected to be utilized within 12 months of these financial statements. Also, N3,750,000 of prepaid rent is expected to be utilized within 12 months of these financial statements while N5,126,712 will be utilized over 12 months.

18 Cash and short-term deposits	2015 ₦	2014 ₦
Zenith Bank Plc	181,196,335	36,335,016
Access Bank Plc	62,630,820	1,630,820
United Bank of Africa Plc	46,738,431	-
First Bank of Nigeria Limited	46,552,073	15,211,801
Skye Bank Plc	36,299,447	20,618,913
Stanbic IBTC Plc	25,585,445	3,646,850
Fidelity Bank Plc	20,000,000	-
Diamond Bank Plc	10,000,000	-
Guaranty Trust Bank Plc	4,383,147	2,133,147
Sterling Bank Plc	2,572,367	8,794,671
Heritage Bank Limited	2,159,610	2,159,622
	-----	-----
	438,117,675	90,530,840
	=====	=====

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

	2015 ₦	2014 ₦
Cash at bank	438,117,675	90,530,840
	-----	-----
	438,117,675	90,530,840
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2015	2014
	N	N
19 Accounts payable	13,930,000	9,825,000
Audit fees	10,041,571	41,615,113
Other accrued expenses (Note 19.1)	5,490,000	-
Fuel, oil and other lubricants	2,400,000	6,000,000
Consultancy fees	908,024	-
Salaries and allowances payable	149,700	-
Pension cost	-----	-----
	32,919,295	57,440,113
	=====	=====

19.1 Included in other accrued expenses as at 31 December 2015 are outstanding payment for 75 unit of bullet proof vests - N4.1 million, outstanding payment for 75 unit of bullet proof vests - N1.9 million, accrual for supply of 1000 badges to RRS - N1.5 million and other accruals - N2.5 million (31 December 2014 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:

	2015	2014
	Number	Number
100,000 - 1,000,000	3	3
1,000,001 - 2,000,000	2	2
	-----	-----
	5	5
	===	===

The aggregate cost of these employees was:

	2015	2014
	N	N
Salaries and wages	6,899,966	5,522,000
	=====	=====

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.

	2015	2014
	N	N
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	850,000	400,000
	=====	=====

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 amortized 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 2015				
<i>Assets</i>				
Cash and cash equivalents	438,117,675	438,117,675	438,117,675	-
Account receivables	9,100,000	9,100,000	-	9,100,000
	<u>447,217,675</u>	<u>447,217,675</u>	<u>438,117,675</u>	<u>9,100,000</u>
<i>Liabilities</i>				
Account payables	32,919,295	32,919,295	-	32,919,295
	<u>32,919,295</u>	<u>32,919,295</u>	<u>-</u>	<u>32,919,295</u>
Liquidity gap	414,298,380	414,298,380	438,117,675	(23,819,295)
Cumulative liquidity gap	=====	=====	438,117,675	414,298,380
	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
	<u>190,350,840</u>	<u>190,502,045</u>	<u>66,340,096</u>	<u>124,161,949</u>
<i>Liabilities</i>				
Account payables	57,440,113	57,440,113	-	57,440,113
	<u>57,440,113</u>	<u>57,440,113</u>	<u>-</u>	<u>57,440,113</u>
Liquidity gap	132,910,727	133,061,932	66,340,096	66,721,836
Cumulative liquidity gap	-	-	66,340,096	133,061,932
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - Continued

Market risk

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

24 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 Dec 2015 ₦3,680,719 (2014: ₦3,946,999) 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 2015.

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				
	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦	31 December 2012 ₦	31 December 2011 ₦
Financial results					
Net income	6,192,773,507	1,604,534,572	1,274,358,558	1,326,994,068	1,271,065,565
Total expenditure	(5,884,621,508)	(1,736,222,702)	(1,131,332,106)	(1,545,378,054)	(1,097,877,128)
Surplus/(deficit) for the year	308,151,999	(131,688,130)	143,026,452	(218,383,986)	173,188,437
Financial position					
Accumulated funds	452,886,883	144,734,884	276,423,014	133,396,562	293,015,927
Employment of funds					
Property, plant and equipment	3,309,548	4,571,699	6,459,092	2,572,459	10,246,625
Current assets	482,496,630	197,603,298	318,275,197	159,719,811	299,860,652
Current liabilities	(32,919,295)	(57,440,113)	(48,311,275)	(28,895,708)	(17,091,350)
	452,886,883	144,734,884	276,423,014	133,396,562	293,015,927