



LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE TRUSTEES  
AUDITED ANNUAL FINANCIAL STATEMENTS  
AND  
OTHER NATIONAL DISCLOSURES

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Building a better  
working world

LAGOS STATE SECURITY TRUST FUND

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

FOR THE YEAR ENDED 31 DECEMBER 2016

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**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**Registered Office**

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

**Board of Trustees**

Mr. Oye Hassan-Odukale	Chairman
Mr. Herbert Wigwe	Member
Mr. Adeyemi Idowu	Member
Mr. Opeyemi Agbaje	Member
Mr. Phillips Oduoza	Member
D.I.G Isreal O. Ajao, OON	Member
Mr. Gbolahan Lawal	Member
Prof. Ademola Abass	Member
Mr. Kenedy Uzoka	Member*

\* Appointed 1 August 2016

**Executive Secretary/Chief Executive**

Dr Abdurrazaq Mobolaji Balogun

**Bankers**

Skye Bank Plc  
Alausa Secretariat Branch  
Alausa, Ikeja, Lagos

Zenith Bank Plc  
Alausa Secretariat Branch  
Alausa, Ikeja, Lagos

First Bank of Nigeria Limited  
Acme Road, Ikeja, Lagos

Sterling Bank Plc  
Opebi Road, Ikeja, Lagos

Guaranty Trust Bank Plc  
Alausa Secretariat Branch  
Ikeja, Lagos

Access Bank Plc  
183 Obafemi Awolowo Way  
Ikeja, Lagos

**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION - Continued**

**Bankers (continues)**

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

Stanbic IBTC 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

Diamond Bank Plc  
The Palms Branch  
Victoria Island, Lagos

**Auditors**

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

## LAGOS STATE SECURITY TRUST FUND

### REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2016

#### Report of Trustees

The trustees submit their report together with the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of Lagos State Security Trust Fund (the Fund).

#### Incorporation and address

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

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

#### Principal activities

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

#### Results

The Fund's results for the year are set out on page 11. The excess of donations over expenditure received for the year of ₦175.89 million (2015: N308.15 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. Herbert Wigwe	Member
Mr. Adeyemi Idowu	Member
Mr. Opeyemi Agbaje	Member
Mr. Phillips Oduoza	Member
D.I.G Isreal O. Ajao, OON	Member
Mr. Gbolahan Lawal	Member
Prof. Ademola Abass	Member
Mr. Kenedy Uzoka	Member*

\* Appointed 1 August 2016

LAGOS STATE SECURITY TRUST FUND

REPORT OF THE TRUSTEES- Continued

FOR THE YEAR ENDED 31 DECEMBER 2016

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

By order of the Board of Trustees



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

Lagos, Nigeria

14 April 2017

LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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 judgements 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 present fairly, in all material respects the financial position and the financial performance of the Fund as of and for the year ended 31 December 2016. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



Mr. Oye Hassan-Odukale, MFR  
Chairman  
FRC/2013/I0DN/00000001963



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

14 April 2017

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND

Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Lagos State Security Trust Fund ("The Fund") set out on pages 11 to 43 which includes the statement of financial position as at 31 December 2016, and the statement of income and expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Lagos State Security Trust Fund Law and the Financial Reporting Council of Nigeria Act No. 6, 2011.

#### Basis of opinion

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

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

#### Other Information

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

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

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



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND -Continued

#### Responsibilities of the Trustees for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND -Continued

- ▶ Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Fund's audit. We remain solely responsible for our audit opinion.

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

We also provide the Trustees with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Dayo Babatunde, FCA  
FRC/2013/ICAN/00000000702  
For: Ernst & Young  
Lagos, Nigeria  
7 June 2017



LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ₦	2015 ₦
<b>Income</b>			
Donations in cash:			
From public officers and government agencies	5a	11,210,000	18,675,000
From private bodies	5b	518,843,144	557,769,835
		-----	-----
		530,053,144	576,444,835
		-----	-----
Donations in kind:			
From public officers and government agencies	6a	820,903,277	5,556,414,320
From private bodies	6b	127,300,000	56,175,000
		-----	-----
		948,203,277	5,612,589,320
		-----	-----
Other income	7	9,827,926	2,529,680
Finance income	8	12,532,958	1,209,672
		-----	-----
		22,360,884	3,739,352
		-----	-----
Gross income		1,500,617,305	6,192,773,507
		-----	-----
Expenditure			
Support to security agencies	9	(1,263,943,362)	(5,843,915,770)
Employee benefits expense	10	(14,426,150)	(6,899,966)
Depreciation of property and equipment	14	(7,827,761)	(2,081,731)
Amortization of intangible asset	15	(123,750)	-
Rent expenses	11	(6,110,606)	(5,959,856)
Other operating expenses	12	(32,295,710)	(25,764,185)
		-----	-----
Total expenses		(1,324,727,339)	(5,884,621,508)
		-----	-----
Surplus for the year		175,889,966	308,151,999
		=====	=====

The notes on pages 15 to 43 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Note	2016 ₦	2015 ₦
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	34,624,302	3,309,548
Intangible asset	15	326,250	-
<b>Current assets</b>			
Inventories	16	144,900,000	26,230,000
Account receivables	17	70,000,000	9,100,000
Other assets	18	6,409,737	9,048,955
Cash and short-term deposits	19	459,860,917	438,117,675
<b>Total assets</b>		<b>716,121,206</b>	<b>485,806,178</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Accumulated fund		628,776,849	452,886,883
<b>Total equity</b>		<b>628,776,849</b>	<b>452,886,883</b>
<b>Current liabilities</b>			
Account payables	20	57,134,599	32,919,295
Deferred income	21	30,209,758	-
<b>Total liabilities</b>		<b>87,344,357</b>	<b>32,919,295</b>
<b>Total equity and liabilities</b>		<b>716,121,206</b>	<b>485,806,178</b>

The notes on pages 15 to 43 form part of these financial statements

The financial statements on pages 11 to 43 were approved and authorised for issue by the Board of Trustees on 14 April 2017 and were signed on its behalf by



Mr. Oye Hassan-Odukale  
Chairman  
FRC/2013/I0DN/00000001963



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

LAGOS STATE SECURITY TRUST FUND  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2016

	₦
For the year ended 31 December 2016	
Fund At 1 January 2016	452,886,883
Surplus for the year	175,889,966
	-----
At 31 December 2016	628,776,849
	=====

	₦
For the year ended 31 December 2015	
Fund At 1 January 2015	144,734,884
Deficit for the year	308,151,999
	-----
At 31 December 2015	452,886,883
	=====

LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ₦	2015 ₦
<b>Surplus for the year</b>		175,889,966	308,151,999
Non-cash adjustment to reconcile surplus to net cash flows			
Depreciation of property and equipment	14	7,827,761	2,081,731
Amortization of intangible asset	15	123,750	-
Finance income	8	(12,532,958)	(1,209,672)
Recoveries	17a	-	(685,000)
Gain on disposal of property, plant and equipment		(312,821)	(119,980)
Working capital adjustments:			
Increase in inventories		(118,670,000)	(20,634,260)
(Increase)/ decrease in accounts receivable		(60,900,000)	91,405,000
Decrease/ (increase) in prepayments		2,639,218	(7,392,237)
Increase/ (decrease) in accounts payable		24,215,304	(24,520,818)
Increase in deferred income		30,209,758	-
<b>Cash generated from operations</b>		<u>48,489,978</u>	<u>347,076,763</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	14	(39,161,684)	(819,600)
Purchase of intangible asset	15	(450,000)	-
Interest received	8	12,532,958	1,209,672
Proceed on disposal of property, plant and equipment		331,990	120,000
<b>Cash (used in)/generated from investing activities</b>		<u>(26,746,736)</u>	<u>510,072</u>
Increase in cash and cash equivalents		21,743,242	347,586,835
<b>Cash and cash equivalents at 1 January</b>		<u>438,117,675</u>	<u>90,530,840</u>
<b>Cash and cash equivalents at 31 December</b>	19	<u>459,860,917</u> =====	<u>438,117,675</u> =====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2016

##### 1. Corporate information

The financial statements of the Lagos State Security Trust Fund (LSSTF) for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Trustees on 14 April 2017.

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

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

##### 2.1 Basis of preparation

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

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

##### 2.2 Basis of presentation

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

- ▶ Expected to be realised or intended to be sold or consumed in normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period, or
- ▶ Cash or cash 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
Leasehold improvements	20

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

The carrying values of property, 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) Intangible assets

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

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



## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### c) 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.

##### 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.

#### d) Government grants

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

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

#### e) Financial Instrument

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

##### (i) Financial Assets

##### Initial recognition and 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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### Initial recognition and subsequent measurement- continued

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 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.

#### (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.

#### f) 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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

#### g) 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.

#### g) Fair value measurement

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

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

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

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

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

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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### h) Fair value measurement-continued

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.

#### i). 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.

#### j) 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.

#### k) 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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

k) Employee benefits-continued

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.

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.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

##### Going concern

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

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

##### (i) 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.

##### (ii) IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessee will also be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

## 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- continued

(ii) IFRS 16 - Leases

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Fund plans to assess the potential effect of IFRS 16 on its financial statements but expects IFRS 16 to have impact on the way it currently accounts for operating leases under IAS 17.

(iii) IFRS 9 - Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early adoption of the standard is permitted, however the Financial Reporting Council of Nigeria has prohibited Nigerian entities from early adoption of the standard.

The Fund is yet to assess IFRS 9's full impact.

- (iv) Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively.

Early application is permitted and must be disclosed. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method.

Early application of the amendments is still permitted. The Fund will not early adopt this amendment.

## 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- continued

- (v) IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendment will be effective for annual periods beginning on or after 1 January 2017. The amendment will not have impact on the financial statements.

- (vii) IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. This amendment is not expected to have any impact on the financial statements.

- (viii) IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the interpretation

Or

- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The entity is currently assessing the impact of IFRIC 22.

#### Annual Improvements 2014-2016 Cycle

The following is a summary of amendments from the 2014-2016 annual improvements cycle. They include:



## 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-continued

#### IAS 28 Investments in Associates and Joint Ventures

Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which
  - (a) the investment entity associate or joint venture is initially recognised;
  - (b) the associate or joint venture becomes an investment entity; and
  - (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

#### IFRS 12 Disclosure of Interests in Other Entities

Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments are effective from 1 January 2017 and must be applied retrospectively.

#### New and amended standards and interpretations

The following listed standards and amendments which are effective for annual periods beginning on or after 1 January 2016 will not have impact on the Fund's financial position, performance and/or disclosures.

- (I) Amendments
  - IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
  - IAS 1 Disclosure Initiative
  - IAS 27 Equity Method in Separate Financial Statements
- (II) Annual Improvements 2012-2014 Cycle
  - IFRS 7 Financial Instruments: Disclosures
  - IAS 19 Employee Benefits

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

5	Donations in cash		
5a	Donations from public officers and government agencies:		
		2016	2015
	Donors	N	N
	Council of Obas & Chiefs of Lagos State	10,000,000	10,000,000
	Senator Gbenga Ashafa	250,000	-
	Honourable Benjamin Olabinjo	125,000	-
	Uzamat Folasayo Akinbile	125,000	-
	Honourable Adebawale Akinsanya	125,000	-
	Honourable Olufemi Odubiyi	125,000	-
	Mr. Akinyemi Ashade	125,000	-
	Mr. Adeniji Kazeem	125,000	-
	Engineer Gbolahan Yishawu	100,000	-
	Oba Shotobi Kabiru	100,000	-
	Ojon Chieftancy of Lagos	10,000	-
	Lagos state executive council members	-	2,500,000
	Body of Permanent Secretaries of Lagos state	-	2,500,000
	Governor's advisory committee	-	1,500,000
	Senator Remi Tinubu	-	1,000,000
	APC Executives (Lagos chapter)	-	500,000
	Chief Henry Ajomale	-	250,000
	Mr. Tunji Bello	-	125,000
	Oba Shotobi Kabiru	-	100,000
	Mrs. Oluseyi Williams	-	50,000
	Honourable Arole Fancy	-	50,000
	Mrs. Olabisi Boco	-	50,000
	Oba Kamorudeen Oloja Epe	-	50,000
		-----	-----
		11,210,000	18,675,000
		=====	=====
5b	Donations from private bodies:		
	Donors		
	Access Bank Plc	100,000,000	50,000,000
	Zenith Bank Plc	100,000,000	51,000,000
	First Bank of Nigeria Limited	75,000,000	-
	Diamond Bank	65,000,000	10,000,000
	First City Monument Bank	50,000,000	-
	Skye Bank Plc	50,000,000	50,000,000
	Wapic Insurance Plc	20,000,000	-
	Mr Femi Otedola	15,000,000	-
	Lebanese Nigeria Initiative	10,000,000	-
	Northwest Petroleum & Gas Company	10,000,000	-
	Leadway Assurance Company Limited	5,000,000	5,000,000
	Coscharis Motors	5,000,000	-
	Providus Bank Plc	5,000,000	-
	Rand Merchant Bank	3,000,000	-
	Prudent Energy	1,000,000	-
	Arksego Nigeria Limited	1,000,000	-
	Goshen Estate	1,000,000	-
	Victoria Crown Plaza	500,000	-
	Haggai Mortgage Bank Ltd	500,000	-

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

5b Donations from private bodies- Continued

	2016 N	2015 N
Donors		
Righteous Construction Company Nigeria Limited	500,000	250,000
The Redeemed Evangelical Mission	300,000	-
Ifemade & Co	200,000	-
Ikoyi Club 1938	200,000	-
C-Way Nigeria	200,000	-
Waheed Olusegun Kassim	100,000	-
Halim Autoworks Limited	100,000	-
Obafemi Aluko	70,000	-
Anonymous	56,069	8,000
Folashade Aluko	50,000	-
Fagbenro Sessi	25,000	-
United Technologies	25,000	-
Engineer Fasan Akin	15,000	-
First Choice Company Limited	1,075	-
Adeola Alabi	1,000	-
Dangote Group	-	150,000,000
United Bank for Africa	-	100,000,000
Number 1 Property	-	20,000,000
Stanbic IBTC Bank Plc	-	20,000,000
Wema Bank Plc	-	20,000,000
Fidelity Bank Plc	-	20,000,000
Chi Group	-	20,000,000
LASACO Assurance Plc	-	10,000,000
Bank of Industry	-	10,000,000
Keystone Bank Limited	-	5,000,000
Jubaili Bros. Engineering Limited	-	3,000,000
Ineh Mic Limited	-	2,000,000
National Union of Road Transport Workers	-	2,000,000
Chief Ilori Eytayo	-	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
Halogen Securities Company Limited	-	250,000
Orange Island Development Company Limited	-	500,000
Harmony Abattoir services	-	500,000
M.TOF Consulting	-	500,000
Anglican Diocese of Lagos	-	500,000
Great Brand Nigeria Limited	-	300,000
Rhyss Farm Limited	-	100,000
Nigerian Investigation and Security Company	-	100,000
Chief Anthony Idigbe (SAN)	-	100,000
Mr. Rabih Mechleb	-	50,000
Mr. Obafemi Aluko	-	50,000
Mrs. Iyabo Aluko	-	50,000
Fatai Fashola	-	50,000
Saponaria Industry Limited	-	50,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

5b Donations from private bodies- Continued

	2016 N	2015 N
Donors		
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	-	36,835
Maria Breed Montessori School	-	20,000
Mustard Insurance Brokers Limited	-	5,000
	-----	-----
	518,843,144	557,769,835
	=====	=====

6 Donations in kind

6a Donations from public officers and government agencies:

Lagos State Government		
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
40 Power Bikes (SINOKI)	24,000,000	-
Supply of 5.7m litres (2015: 6.2m litres) of Premium Motor Spirit (PMS)	485,506,193	526,296,960
Supply of 2.0m litres (2015: 1.6m litres) of Automated Gasoline Oil (AGO)	309,298,634	250,351,200
Supply of 17 drums of Lubricants (Motor Delvac 1340 Engine Oil)	2,098,450	19,766,160
	-----	-----
	820,903,277	5,556,414,320
	=====	=====

6b Donations from private bodies:

MTN Foundation		
10 Toyota Hilux	60,300,000	-
ExxonMobil		
3 Toyota Avensis	24,000,000	-

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

6b Donations from private bodies- Continued

	2016 ₦	2015 ₦
Donors		
Nigerian breweries plc 2 Toyota Hilux	18,000,000	-
Total E&P Nigeria Limited 2 Toyota Hilux	18,000,000	-
Stallion Motors One Nissan Almera	7,000,000	-
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
	----- 127,300,000 =====	----- 56,175,000 =====

7 Other income		
Grants	5,522,126	-
Gain on sale of scraps	1,632,955	1,178,000
Registration fee	2,350,000	-
Gain on sale of property and equipment	312,821	119,980
Others	10,024	1,231,700
	----- 9,827,926 =====	----- 2,529,680 =====

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

	2016 ₦	2015 ₦
8 Finance income		
Interest income	12,532,958	1,209,672
	----- =====	----- =====

Interest income relates to income from fixed deposit. Placements were made at an average interest rate of 4% (2015: 7%).

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - Continued

	2016 ₦	2015 ₦
9 Support to security agencies		
Donated vehicles, equipment and other supplies issued to security agencies (Note 9a)	974,433,277	5,622,194,320
Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b)	187,116,705	198,903,000
Repairs and branding (Note 9c)	102,393,380	22,818,450
	<u>1,263,943,362</u>	<u>5,843,915,770</u>
	=====	=====
9a Donated vehicles, equipment and other supplies issued to security agencies	2016	2015
Beneficiaries	₦	₦
Lagos State Police Command and Nigerian Army		
3 unit of Toyota Avensis	24,000,000	-
1 Unit of Toyota Hilux	6,700,000	-
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
Operation MESA (Army)		
5 unit of Toyota Hilux	33,500,000	-
Marine Police		
1 unit of Toyota Hilux	6,700,000	-
Bomb Squad		
1 unit of Toyota Hilux	6,700,000	-
Operation MESA (Navy)		
2 units of Toyota Hilux	18,000,000	-
Lagos State Rapid Response Squad (RRS)		
40 unit of Sinoki Bikes	24,000,000	-
3 units of Toyota Hilux	20,100,000	-
1 unit of Nissan Almera	7,000,000	-
10 Walkthrough Scanners	7,000,000	-
20 bullet proof vest (without ballistic plate)	2,200,000	-
2998 unit of Disposable Handcuffs	1,499,000	-
6 bullet proof vest (with ballistic plate)	1,110,000	-
6 Kevlar helmet	510,000	-
7 Solar Rechargeable Lights	436,000	-
1 Hard Plate Level IV	75,000	-
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

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

9a	Donated vehicles, equipment and other supplies issued to security agencies- continued		
		2016	2015
	Beneficiaries	N	N
	Lagos State Rapid Response Squad (RRS) - Continued		
	11 Ford MG series	-	43,862,500
	100 Power Bikes (SINOKI)	-	25,000,000
	10 bullet proof vest	-	1,200,000
	Supply of 5.7m litres (2015: 6.2m litres) of Premium Motor Spirit (PMS)	485,506,193	526,296,960
	Supply of 2.0m litres (2015: 1.6m litres) of Automated Gasoline Oil (AGO)	309,298,634	250,351,200
	Supply of 17 drums of Lubricants (Motor Delvac 1340 Engine Oil)	2,098,450	19,766,160
	Operation MESA (Air Force)		
	2 units of Toyota Hilux	18,000,000	-
	1 unit of Toyota Hilux	-	6,160,000
	Supply and installation of 1 mobile base radio set	-	130,000
		-----	-----
		974,433,277	5,622,194,320
		=====	=====

9b	Purchased vehicles, equipment and other supplies issued to security agencies		2016
			N
	Beneficiaries		
	Lagos State Police Command		
	120 units each of ballistic helmets & ballistic bullet proof vests		34,200,000
	10 Crash Helmets and 10 sets of Rider Gears		1,299,000
	Supply & installation of 1 set of revolving light and one set of base radio set for pool vehicle		250,000
	Construction of back cabin & fabrication of bull guards (front & back)		237,500
	Lagos State Rapid Response Squad (RRS)		
	Supply of 460 unit of tyres and 280 unit of batteries		25,426,000
	65 units each of Ballistic Vests, Helmet and Hand Held Metal Detectors		18,850,000
	1 unit of Undercover Patrol Vehicle		18,500,000
	40 unit of Ballistic Vests & Helmets		11,400,000
	Mobile base radio sets		7,450,000
	20 units of Ballistic Bullet Proof Vests & Helmets		5,400,000
	500 units of Rain caps and Rain boots		3,250,000
	Supply of Service parts for 221 unit of Vehicles		5,288,500
	Supply of 52 units of tyres		2,146,500
	Supply and installation of 5 base radios		650,000
	20 Packs of Disposable Gloves		280,000
	Development and hosting of website for RRS		225,650
	40 unit of Booster Jumper Cable (1,000 AMP)		180,000
	25 unit of Booster Jumper Cable (1,400 AMP)		187,500
	Supply of 20 units of batteries		80,000
	Nigerian Prisons Service		
	1 unit of Troop Carrier Truck		9,000,000
	Fabrication & Construction of Back Cabin on one Troop Carrier Truck		720,000
	Supply of 7 units of tyres		227,500

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 9b Purchased vehicles, equipment and other supplies issued to security agencies- Continued

	2016 N
Operation MESA: Nigerian Army	
Supply and installation of 2 base radios	260,000
Fueling of 7 Toyota Hilux	48,500
9 Brigade	
Reconstruction of Sporting facility	500,000
Operation MESA: Nigerian Airforce	
Supply and installation of 2 base radios	260,000
Operation MESA: Nigerian Navy	
Supply and installation of 2 base radios	260,000
Marine Police	
96,000 litres of Automated Gasoline Oil (AGO)	16,660,000
Naval Base	
27,000 litres of Automated Gasoline Oil (AGO)	4,530,000
Federal Road Safety Corps	
Supply of 27 unit of tyres	1,150,500
State Security Service	
Installation of new communication equipment	18,199,555
	-----
	187,116,705
	=====
	2015 N
Lagos State Police Command	
75 units of ballistic vests, 75 unit of ballistic helmets and 150 unit of rain coat	20,400,000
10 units of UHF radio and 10 units of security bar lights with siren	2,700,000
Construction of back cabins with seats on 10 unit Toyota Hilux	1,200,000
Supply and installation of 1 mobile base radio set	130,000
Cash rewards for gallantry to deserving female officer	268,000
Lagos State Rapid Response Squad (RRS)	
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



## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 9b Purchased vehicles, equipment and other supplies issued to security agencies- Continued

	2015 N
Operation MESA: Nigerian Army	
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 galvanised angle mast & replacement of 1 repeater for the Neighborhood Watch Outfit	15,000,000
Operation MESA- Nigerian Navy	
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
3 unit of Toyota Hilux	20,100,000
Operation MESA- Nigerian Airforce	
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
3 unit of Toyota Hilux	20,100,000
Joint Task Force	
3 months duty allowance for 337 officers tasked with clearing Apapa traffic gridlock	44,790,000
	-----
	198,903,000
	=====

## 9c Repairs and branding

	2016 N
Lagos State Rapid Response Squad (RRS)	
Training	12,338,050
Repairs of 6 APC's for RRS	7,205,400
Complete refurbishment of 2 Armored Personnel Carriers Swat 23 & 29	6,920,000
Fabrication of 13 unit of BMW and 100 unit of Sinoki Bikes	5,929,700
Service parts for routine service of 221 unit of Vehicles	5,511,400
Repairs and conversion of 11 RRS Vehicles	3,288,230
Routine service of 24 unit of Armored Personnel Carriers	2,880,000
Repairs of 3 RRS Vehicles	2,396,000
Equipping of 2 RRS Boats	2,394,000
Reconstruction, modification and general mechanical repair on 20 unit Sinoki Bikes	2,036,930
Supply of service parts & labour charge for 123 RRS Vehicles	1,946,000
Routine service Repairs of 91 unit of RRS Vehicles (Including Service Part & Service Charge)	1,945,610
Overhauling (Including replacement of engine) for RRS Vehicle	1,636,200
Routine service of 15 APC	1,500,000

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 9c Repairs and branding- Continued

	2016
	N
Lagos State Rapid Response Squad (RRS) - Continued	
Resuscitation of APC SWAT 22	1,478,000
Labelling of items Donated to RRS	1,040,000
Repairs and replacement of gear & conversion of steering for Ford Fusion	854,000
Repairs of 8 units of Patrol Vehicles	801,070
Labour & cleaning of injector nozzles for 77 RRS Vehicles	770,000
Repairs on APC SWAT 23 & 29	740,700
Repairs of 5 RRS Vehicles	723,500
Repairs of 18 unit of Vehicles	678,400
Repairs of 8 Patrol Vehicles	637,500
Repairs of two RRS Vehicles	620,000
Routine service of 76 unit of Motor Bikes	570,000
Routine service of 100 unit of Sinoki Bikes	500,000
Repairs and replacement of damaged parts for RRS vehicles	487,500
Labour & cleaning of injector nozzles for routine service of 52 unit of Patrol Vehicles	426,400
Repairs of 41 unit of Sinoki Bikes	406,140
Routine service of 75 unit of Motor Bikes	375,000
Labour & cleaning of injector nozzles for 46 Vehicles	377,200
Repair of accidented Toyota Corolla RRS 029 LA	373,500
Repairs of 1 Toyota Corolla for RRS	350,000
Replacement of gear, transmission oil & service change on ford fusion	326,000
Conversion of Electronic Steering of Ford Fusion to hydraulic and labour charge	310,000
Repairs of APC SWAT 31	276,000
Repair of ICT equipment	253,000
Repairs of 2 RRS Vehicles	162,500
Repairs of one APC	157,000
Branding of Vehicles	132,500
Minor repairs of 3 RRS Vehicles	103,800
Purchase of spare parts for Toyota Corolla	95,000
Repairs of 2 Sinoki Bikes for the RRS	25,000
Nigerian Prisons Service (NPS)	
Repairs of one Toyota Coaster Bus	978,500
Branding of Vehicles	132,500
Operation MESA: Nigerian Army	
Full body branding of 2 unit of Toyota Hilux	200,000
Full body branding for 2 unit of Toyota Hilux	170,000
Operation MESA: Nigerian Navy	
Full body branding of 2 unit of Toyota Hilux	200,000
Operation MESA: Nigerian Airforce	
Full body branding of 2 unit of Toyota Hilux	200,000
Lagos State Police Command	
Repairs of 11 unit of APCs	9,350,000
Repairs of 3 vehicles	2,654,500
Repairs of one vehicle	917,500
Repairs of patrol vehicle	495,000
Branding of 1 Toyota Hilux	40,000

## LAGOS STATE SECURITY TRUST FUND

## NOTES TO THE FINANCIAL STATEMENTS - Continued

## 9c Repairs and branding- Continued

	2016 N
Marine Police	
Routine service of six marine gun boats	1,960,500
Repairs of one vehicle for Marin Police	917,500
Routine service of 5 gun boats	729,000
Repairs and service of one gun boat PC 05	599,000
Branding of Toyota Hilux	60,000
State Security Service (SSS)	
Repairs of Toyota Corolla	393,000
Repairs of SSS Vehicles	1,465,150
Repairs of 2 unit of Vehicles	1,823,000
Repairs of one Toyota Corolla - CQ 633 MUS	505,500
Federal Road Safety Corps (FRSC)	
Repairs of Toyota Hilux and Toyota Corolla	2,090,000
Repairs of vehicles for FRSC	4,535,500
	-----
	102,393,380
	=====
	2015 N
Lagos State Rapid Response Squad (RRS)	
Repairs of Ford F550, APC swat 28, APC swat 22 and APC swat 10	1,450,000
Routine service of 12 armored personnel carriers	1,200,000
Labour for service of routine service for 96 patrol vehicles	787,200
Labour for service of routine service for 43 patrol vehicles	352,600
Repairs of 4 APCs	290,000
Service parts for routine service of 134 patrol vehicles	3,349,400
Labour charge for Routine service of 38 patrol vehicles	311,600
Labour charge for Routine service of 40 patrol vehicles	1,142,000
Labour charge for the routine service of 87 patrol vehicles	713,400
Routine service of 15 APCs	1,500,000
Repair of one APC (SWAT 27- OJOTA)	870,000
Repairs and full servicing of 45 patrol vehicles	1,284,750
Labour charge for routine service of 74 patrol vehicles	631,400
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
Supply of service parts for 109 pick-up vans, 3 Corolla cars, 9 Izuzu Trucks	3,549,100
Operation MESA: Nigerian Army	
Full body spraying and branding of 5 operational vehicles	400,000
Full body spraying and branding of 5 operational vehicles	245,454
Operation MESA: Nigerian Navy	
Branding of 3 Toyota Hilux	240,000
Branding of 3 Toyota Hilux	147,273

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

9c Repairs and branding- Continued

	2015 N
Operation MESA: Nigerian Airforce	
Branding of 4 Toyota Hilux	300,000
Branding of 3 Toyota Hilux	147,273
Lagos State Police Command	
Repair of one accidented patrol vehicle	880,000
Branding of 1 Toyota Hilux	60,000
Marine Police	
Routine service of seven police combat gunboats	969,000
Routine service of 6 gunboats	1,698,000
	-----
	22,818,450
	=====

10 Employee benefits expense

	2016 N	2015 N
Salaries and allowances	13,747,850	6,463,242
Pension cost	678,300	436,724
	-----	-----
	14,426,150	6,899,966
	=====	=====

11 Rent expenses

Office rent	3,789,354	3,680,719
Service charge	2,321,252	2,279,137
	-----	-----
	6,110,606	5,959,856
	=====	=====

12 Other operating expenses

Audit fee	10,000,000	10,000,000
Bank charges	111,842	217,277
Mid-year and annual town hall meeting on security	9,177,035	8,356,090
Trustees' remuneration	1,300,000	850,000
General office	4,054,583	2,928,434
Renewal of website domain	1,220,000	295,600
Insurance	188,860	555,044
Public enlightenment and awareness	3,374,000	-
Other expenses	2,869,390	2,561,740
	-----	-----
	32,295,710	25,764,185
	=====	=====

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 and equipment

	Office furniture & equipment ₦	Computer equipment ₦	Motor vehicles ₦	Leasehold Improvements	Total ₦
<b>Cost</b>					
As at 1 January 2015	4,386,099	1,344,500	15,495,000	-	21,225,599
Additions	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
Additions	10,910,992	4,207,317	21,700,000	2,343,375	39,161,684
Disposals	(2,166,599)	(1,002,500)	-	-	(3,169,099)
As at 31 December 2016	13,950,092	4,549,317	26,000,000	2,343,375	46,842,784
<b>Depreciation</b>					
As at 1 January 2015	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
Disposal	-	-	(11,194,980)	-	(11,194,980)
As at 31 December 2015	3,619,148	1,323,588	2,597,915	-	7,540,651
Charge for the year	2,783,041	1,072,907	3,581,250	390,563	7,827,761
Disposals	(2,147,430)	(1,002,500)	-	-	(3,149,930)
As at 31 December 2016	4,254,759	1,393,995	6,179,165	390,563	12,218,482
<b>Net Book Value</b>					
At 31 December 2016	9,695,333	3,155,322	19,820,835	1,952,812	34,624,302
At 31 December 2015	1,586,551	20,912	1,702,085	-	3,309,548

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2016 ₦
15 Intangible asset	
Cost	
At 1 January	-
Additions	450,000
At 31 December	----- 450,000 =====
Accumulated amortisation and impairment	
At 1 January	-
Amortisation for the year	123,750
At 31 December	----- 123,750 =====
At 31 December	326,250 =====

	2016 ₦	2015 ₦
16 Inventories		
Nissan Almera	144,900,000	-
Bullet proof vests (with ballistics)	-	1,110,000
Bullet proof vests (without ballistics)	-	2,200,000
Solar rechargeable lights	-	436,000
Disposable handcuffs	-	1,499,000
Kevlar helmet	-	510,000
Toyota Hilux	-	13,400,000
Hard plate	-	75,000
Walkthrough scanner	-	7,000,000
	----- 144,900,000 =====	----- 26,230,000 =====

Inventory represents items received from donors and/or purchased but not yet distributed to approved security agencies. During 2016, the amount of inventory recognized as an expense in the statement of income or expenditure was nil (2015: ₦935,960). This is recognised in operating expenses.

	2016 ₦	2015 ₦
17 Account receivables		
Pledged donations	70,000,000 =====	9,100,000 =====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

17 Account receivables- continued

As at 31 December, 2016 the ageing analysis of account receivables is, as follows

	Total	Neither past due nor impaired	Past due but not impaired	
			<30	>30
	₦	₦	₦	₦
2016	70,000,000	-	-	70,000,000
2015	9,100,000	-	-	9,100,000

18 Other assets	2016	2015
	₦	₦
Prepaid office partitioning and remodeling	-	-
Prepaid insurance	655,384	107,243
Prepaid office rent	5,162,357	8,876,712
Prepaid others	591,996	65,000
	-----	-----
	6,409,737	9,048,955
	=====	=====

19 Cash and short-term deposits

Cash on hand	208,854	-
Cash at banks		
Zenith Bank Plc	110,572,991	181,196,335
Sterling Bank Plc	2,572,359	2,572,367
First Bank of Nigeria Limited	52,463,511	46,552,073
Skye Bank Plc	59,885,811	36,299,447
Guaranty Trust Bank Plc	11,153,047	4,383,147
Access Bank Plc	132,901,531	62,630,820
Stanbic IBTC Bank Plc	22,062,620	25,585,445
Heritage Bank Plc	2,159,586	2,159,610
Diamond Bank Plc	26,862,158	10,000,000
Fidelity Bank Plc	19,999,988	20,000,000
United Bank of Africa Plc	19,018,461	46,738,431
	-----	-----
	459,860,917	438,117,675
	=====	=====

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

	2016	2015
	₦	₦
Cash on hand	208,854	-
Cash at bank	459,652,063	438,117,675
	-----	-----
	459,860,917	438,117,675
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2016	2015
	₦	₦
20 Accounts payable		
Audit fees	10,000,000	13,930,000
Other accrued expenses (Note 20.1)	45,294,599	10,041,571
Fuel, oil and other lubricants	1,840,000	5,490,000
Salaries and allowances payable	-	908,024
Consultancy fees	-	2,400,000
Pension cost	-	149,700
	-----	-----
	57,134,599	32,919,295
	=====	=====

20.1 Included in other accrued expenses as at 31 December 2016 are outstanding payment for rapid communication systems for SSS -~~₦~~5.6 million, outstanding payment for training for RRS personnel-~~₦~~2.5 million, outstanding payment for repairs of RRS332LA- ~~₦~~1.6 million, outstanding payment for repairs of 6 APCs for RRS-~~₦~~7.2 million, outstanding payment for repairs of 2 boats for RRS-~~₦~~2.4 million, outstanding payment for repairs of 11 APCs for Police Command-~~₦~~9.3 million, outstanding payment for repairs of vehicles for FRSC and Prison Bus-~~₦~~4.5 million, outstanding payment for repairs of 11 RRS vehicles-~~₦~~3.2 million, accrual for supply of 1000 badges to RRS-~~₦~~1.5 million, and other accruals - ~~₦~~7.1 million ( 31 December 2015 are outstanding payment for 75 unit of bullet proof vests-~~₦~~4.1 million, outstanding payment for 75 unit of bullet proof vests-~~₦~~1.9 million, accrual for supply of 1000 badges to RRS-~~₦~~1.5 million and other accruals - ~~₦~~2.5 million). Account payables are non-interest bearing and normally settled on 30 to 90 day terms.

	2016	2015
	₦	₦
21 Deferred income		
Government grant	23,509,758	-
Others	6,700,000	-
	-----	-----
	30,209,758	-
	=====	=====

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

22 Employees' remuneration  
The numbers of employees of the Fund, in receipt of emoluments within the following ranges were:

	2016	2015
	Number	Number
100,000 - 1,000,000	4	3
1,000,001 - 2,000,000	3	2
2,000,001 - 6,000,000	1	-
	-----	-----
	8	5
	===	===

The aggregate cost of these employees was:

	2016	2015
	₦	₦
Salaries and wages	14,426,150	6,899,966
	=====	=====



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

23 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.

	2016 ₦	2015 ₦
Compensation of key management personnel of the Fund		
The key management personnel have been identified as the Board of Trustees of the Fund		
Short-term employee benefits	1,300,000 =====	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

24 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.

25 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

25 Risk management- continued

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.

**Contractual maturities of assets and liabilities**

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

	Carrying amount ₦	Contractual cashflow ₦	Less than 1 month ₦	1 - 3 months ₦
<b>31 December 2016</b>				
<i>Assets</i>				
Cash and cash equivalents	459,860,917	460,208,438	423,826,559	36,034,358
Account receivables	70,000,000	70,000,000	-	70,000,000
	-----	-----	-----	-----
	529,860,917	530,208,438	423,826,559	106,034,358
	-----	-----	-----	-----
<i>Liabilities</i>				
Account payables	57,134,599	57,134,599	-	57,134,599
	-----	-----	-----	-----
	57,134,599	57,134,599	-	57,134,599
	-----	-----	-----	-----
Liquidity gap	472,726,318	473,073,839	423,826,559	48,899,759
	-----	-----	-----	-----
Cumulative liquidity gap			423,826,559	472,726,318
			=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - Continued

*Contractual maturities of assets and liabilities-Continued*

	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			<u>438,117,675</u>	<u>414,298,380</u>

**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.

**26 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 2016 ₦3,789,354 (2015: ₦3,680,719) was expensed in the statement of income or expenditure in respect of the operating lease.

**27 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 2016.

**28 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

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2016

## LAGOS STATE SECURITY TRUST FUND

### STATEMENT OF VALUE ADDED

	31 DECEMBER 2016 N		31 DECEMBER 2015 N	
Turnover	1,500,617,305		6,192,773,507	
Bought in goods & other services	(1,302,349,677)		(5,875,639,811)	
	-----		-----	
	198,267,628		317,133,696	
	=====		=====	
Value added	198,267,628		317,133,696	
	=====		=====	
Applied as follows:				
Employees				
Employee benefit expense	14,426,150	7%	6,899,966	2%
Retained for Company future:				
Depreciation & amortization	7,951,511	4%	2,081,731	1%
Surplus for the year	175,889,966	89%	308,151,999	97%
	-----		-----	
	198,267,628	100%	317,133,696	100%
	=====		=====	

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

LAGOS STATE SECURITY TRUST FUND

FIVE YEAR FINANCIAL SUMMARY

	IFRS				
	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Income and expenditure	₦	₦	₦	₦	₦
Net income	1,500,617,305	6,192,773,507	1,604,534,572	1,274,358,558	1,326,994,068
Total expenditure	(1,324,727,339)	(5,884,621,508)	(1,736,222,702)	(1,131,332,106)	(1,545,378,054)
Surplus/(deficit) for the year	175,889,966	308,151,999	(131,688,130)	143,026,452	(218,383,986)
<b>Financial position</b>					
Accumulated fund	628,776,849	452,886,883	144,734,884	276,423,014	133,396,562
<b>Employment of funds</b>					
Non current assets	34,950,552	3,309,548	4,571,699	6,459,092	2,572,459
Current assets	681,170,654	482,496,630	197,603,298	318,275,197	159,719,811
Current liabilities	(87,344,357)	(32,919,295)	(57,440,113)	(48,311,275)	(28,895,708)
	628,776,849	452,886,883	144,734,884	276,423,014	133,396,562

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