



LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE TRUSTEES,  
AUDITED ANNUAL FINANCIAL STATEMENTS  
AND  
OTHER NATIONAL DISCLOSURES  
FOR THE YEAR ENDED 31 DECEMBER 2017

LAGOS STATE SECURITY TRUST FUND

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

FOR THE YEAR ENDED 31 DECEMBER 2017

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**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Registered Office**

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

**Board of Trustees**

Mr. Oye Hassan -Odukale, MFR	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. Kenedy Uzoka	Member

**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

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

**LAGOS STATE SECURITY TRUST FUND**

**LEGAL AND ADMINISTRATIVE INFORMATION - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Bankers (continued)**

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

United Bank for Africa Plc  
15, Industrial Avenue  
Ilupeju

Fidelity Bank Plc.  
84, Ladipo Street  
Matori, Lagos

Diamond Bank Plc  
The Palms Branch  
Victoria Island, Lagos

Coronation Bank  
10, Amodu Ojikutu Street  
Victoria Island, Lagos

Wema Bank Plc  
54, Marina  
Lagos

**Auditors**

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

## LAGOS STATE SECURITY TRUST FUND

### REPORT OF TRUSTEES

#### FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2017, which disclose the state of affairs of Lagos State Security Trust Fund (the Fund).

#### **Incorporation and address**

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

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

#### **Principal activities**

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

#### **Results**

The Fund's results for the year are set out on page 11. The deficit for the year of ₦37 million (2016: ₦176 million surplus) 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, MFR	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. Kenedy Uzoka	Member

#### **Employment of disabled persons**

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

#### **Employee health, safety and welfare**

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

**LAGOS STATE SECURITY TRUST FUND**

**REPORT OF TRUSTEES - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Employee training and involvement**

The trustees maintain regular communication and consultation with the employees.

**Auditors**

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

By order of the Board of Trustees



Dr. Abdurrazaq Balogun  
Executive Secretary/CEO

Lagos, Nigeria

21 May 2018

LAGOS STATE SECURITY TRUST FUND

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

FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

The Trustees are of the opinion that the financial statements presents fairly, in all material respects the financial position and the financial performance of the Fund as of and for the year ended 31 December 2017. 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/IODN/00000001963



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

21 May 2018



**Ernst & Young**  
10th Floor  
UBA House  
57, Marina  
P. O. Box 2442, Marina  
Lagos.

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Email: Services@ng.ey.com  
www.ey.com

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

Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Lagos State Security Trust Fund ("The Fund") set out on pages 11 to 45 which includes the statement of financial position as at 31 December 2017, 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 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Lagos State Security Trust Fund Law and the Financial Reporting Council of Nigeria Act No. 6, 2011.

### Basis of opinion

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

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

### Other Information

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

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

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



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

### Responsibilities of the Trustees for the Financial Statements

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

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

### 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.
- ▶ conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Fund to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditors' Responsibilities for the Audit of the Financial Statements - Continued

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

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



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

31 May 2018



LAGOS STATE SECURITY TRUST FUND  
 STATEMENT OF INCOME AND EXPENDITURE  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ₦	2016 ₦
<b>Income</b>			
Donations in cash:			
From public officers and government agencies	5a	400,000	11,210,000
From private bodies	5b	480,635,220	518,843,144
		-----	-----
		481,035,220	530,053,144
		-----	-----
Donations in kind:			
From public officers and government agencies	6a	1,663,527,200	820,903,277
From private bodies	6b	-	127,300,000
		-----	-----
		1,663,527,200	948,203,277
		-----	-----
Other income	7	35,656,052	9,827,926
Finance income	8	35,335,434	12,532,958
		-----	-----
		70,991,486	22,360,884
		-----	-----
Gross income		2,215,553,906	1,500,617,305
		-----	-----
<b>Expenditure</b>			
Support to security agencies	9	(2,169,187,491)	(1,263,943,362)
Employee benefits expense	10	(17,012,400)	(14,426,150)
Rent expenses	11	(6,000,436)	(6,110,606)
Other operating expenses	12	(49,003,003)	(32,295,710)
Depreciation of property and equipment	14	(11,116,949)	(7,827,761)
Amortization of intangible asset	15	(148,500)	(123,750)
		-----	-----
<b>Total expenses</b>		<b>(2,252,468,779)</b>	<b>(1,324,727,339)</b>
		-----	-----
<b>(Deficit)/ surplus for the year</b>		<b>(36,914,873)</b>	<b>175,889,966</b>
		=====	=====

The notes on pages 15 to 45 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 ₦	2016 ₦
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	23,792,352	34,624,302
Intangible assets	15	177,750	326,250
<b>Current assets</b>			
Inventories	16	-	144,900,000
Account receivables	17	16,350,000	70,000,000
Investment securities - held to maturity	18	56,476,571	-
Other assets	19	14,777,475	6,409,737
Cash and short-term deposits	20	582,165,684	459,860,917
<b>Total assets</b>		<b>693,739,832</b>	<b>716,121,206</b>
<b>Equity and liabilities</b>			
Accumulated Fund		591,861,974	628,776,849
<b>Total equity</b>		<b>591,861,974</b>	<b>628,776,849</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income	22	12,121,654	21,165,706
<b>Current liabilities</b>			
Account payables	21	80,712,152	57,134,599
Deferred income	22	9,044,052	9,044,052
<b>Total liabilities</b>		<b>101,877,858</b>	<b>87,344,357</b>
<b>Total equity and liabilities</b>		<b>693,739,832</b>	<b>716,121,206</b>

The notes on pages 15 to 45 form part of these financial statements

The financial statements on pages 11 to 45 were approved and authorised for issue by the Board of Trustees on 21 May 2018 and were signed on its behalf by



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



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

LAGOS STATE SECURITY TRUST FUND  
 STATEMENT OF CHANGES IN NET ASSET VALUE  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	₦
For the year ended 31 December 2017	
Fund at 1 January 2017	628,776,849
Deficit for the year	(36,914,873)
	-----
At 31 December 2017	591,861,976
	=====

	₦
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
	=====

LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ₦	2016 ₦
<b>(Deficit)/ Surplus for the year</b>		(36,914,873)	175,889,966
Non-cash adjustment to reconcile surplus to net cash flows			
Depreciation of property and equipment	14	11,116,949	7,827,761
Amortization of intangible asset	15	148,500	123,750
Finance income	8	(35,335,434)	(12,532,958)
Gain on disposal of property, plant and equipment		-	(312,821)
Working capital adjustments:			
Decrease/ (Increase) in inventories		144,900,000	(118,670,000)
Decrease/ (Increase) in accounts receivable		53,650,000	(60,900,000)
(Increase) Decrease in other assets		(8,367,738)	2,639,218
Increase in accounts payable		23,577,553	24,215,304
(Decrease)/ Increase in deferred income		(9,044,052)	30,209,758
<b>Cash generated from operations</b>		<u>143,730,904</u>	<u>48,489,978</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	14	(285,000)	(39,161,684)
Purchase of intangible asset	15	-	(450,000)
Purchase of treasury bills		(56,476,571)	-
Interest received	8	35,335,434	12,532,958
Proceed from disposal of property, plant and equipment		-	331,990
<b>Cash used in investing activities</b>		<u>(21,426,137)</u>	<u>(26,746,736)</u>
Increase in cash and cash equivalents		122,304,767	21,743,242
<b>Cash and cash equivalents at 1 January</b>		<u>459,860,917</u>	<u>438,117,675</u>
<b>Cash and cash equivalents at 31 December</b>	19	<u>582,165,684</u>	<u>459,860,917</u>

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Corporate information

The financial statements of the Lagos State Security Trust Fund (LSSTF) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Trustees on 21 May 2018.

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 equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

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

#### 2.3 Summary of significant accounting policies

##### a) Property and equipment

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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

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

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

The estimated annual rates of depreciation are as follows:

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

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

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

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

##### b) Intangible assets

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

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

##### c) Revenue

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

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



## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### 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.

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

###### Subsequent measurement

The measurement of financial assets depends on their classification.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### e) Financial Instrument - continued

###### Loans and receivables

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 17 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:

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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

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

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

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

##### g) 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.

##### h) Fair value measurement

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

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

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

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

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

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

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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

##### h) Fair value measurement - continued

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 contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

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

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

##### 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 Trustees have assessed the impact of IFRS 15 on the Fund and has concluded that the Fund's donations (both cash and kind) are voluntary, and are only recognized upon receipt of the funds/items from donors as donors are not obliged to make donations.

##### (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.

## 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 - continued

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.

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.

(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's assessment of the new standard IFRS 9 is as follows:

- The Fund will commence the adoption of IFRS 9 at the effective date as directed by the IASB which 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.
- The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held.
- The Fund's financial assets presently includes fixed bank deposit and treasury bills. The fixed deposit returns are fixed at the beginning and placed at specified period can be converted to cash depending on Management policy as the case may be. Income from such instruments are recognised in the profit or loss statement immediately or could also earn income from the current account of the Fund.
- The Fund's treasury bills are held to maturity initially and are stated at fair value. At the end of the year the financial instruments are stated at amortised cost in the statement of financial position. Income on the financial instruments are recognised in the statement of profit or loss as they are earned.

## 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

##### (iv) IFRS 17 Insurance Contracts

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

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

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

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

##### (v) 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.

##### (vi) 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 non-monetary 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.



## 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

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

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.

- (vii) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The interpretation specifically addresses whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, how an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

#### Annual Improvements 2014-2016 Cycle

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

#### 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 clarifies 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

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### Annual Improvements 2014-2016 Cycle - continued

- (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.

#### New and amended standards and interpretations

The following listed standard amendments and improvement which are effective for annual periods beginning on or after 1 January 2018 will not have impact on the Group's financial position, performance and/or disclosures.

- (I) Amendments
  - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
  - IFRS 2 Classification and Measurement of Share based Payment Transactions
  - IAS 40 Transfers of Investment Property
  - IFRS 9 Prepayment Features with Negative Compensation
  - IAS 28 Long-term interests in associates and joint ventures

- (II) Annual Improvements 2014-2016 Cycle (Issued in December 2016)
  - IFRS 1 First-time Adoption of International Financial Reporting Standards

#### 2015-2017 cycle (issued in December 2017)

IFRS 3 Business Combination: Previously held Interests in a joint operation  
IFRS 11 Joint Arrangements Previously held Interests in a joint operation  
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

5	Donations in cash		
5a	Donations from public officers and government agencies:		
		2017	2016
		₦	₦
	<b>Donors</b>		
	Senator Gbenga Ashafa	250,000	250,000
	Elizabeth Oduwole (PS Audit Service Commission)	100,000	-
	Lagos State Aids Control Agency	50,000	-
	Council of Obas & Chiefs of Lagos State	-	10,000,000
	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
		-----	-----
		400,000	11,210,000
		=====	=====
5b	Donations from private bodies:	2017	2016
		₦	₦
	<b>Donors</b>		
	Access Bank Plc	50,000,000	100,000,000
	Coronation Bank Plc	50,000,000	-
	First City Monument Bank	50,000,000	50,000,000
	Fidelity Bank Plc	50,000,000	-
	Guaranty Trust Bank	50,000,000	-
	Sterling Bank Plc	50,000,000	-
	United Bank for Africa	50,000,000	-
	Stanbic IBTC Bank	25,000,000	-
	Technology Distribution Ltd	25,000,000	-
	Unity Bank Plc	20,000,000	-
	Northwest Petroleum & Gas	10,000,000	10,000,000
	Wema Bank Plc	10,000,000	-
	Planets Projects Limited	6,000,000	-
	Allied Dominion Oil Field & Ship	5,000,000	-
	Mr Femi Otedola	5,000,000	15,000,000
	Leadway Assurance Limited	5,000,000	5,000,000
	STB Building Society Limited	5,000,000	-
	Palmyra Construction Nigeria Limited	2,000,000	-
	Seplat Petroleum Development Plc	2,000,000	-
	Erisco Foods Limited	1,500,000	-
	Jubali Bros. Eng. Co.	1,500,000	-
	Moala Enterprises	1,500,000	-
	Akintola Williams Deloitte & Touche	1,000,000	-
	Arksego Nigeria Limited	1,000,000	1,000,000
	Irowa Farm Estate Limited	1,000,000	-
	KSquare Multi Limited	500,000	-
	The Redeemed Evangelical Mission	300,000	300,000
	Haggai Mortgage Bank Ltd	250,000	500,000
	Halogen Security Fund Limited	250,000	-
	OGR Investment	250,000	-
	Abdulateef Ahmood Alomar	200,000	-

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2017 ₦	2016 ₦
<b>Donors</b>		
Lekki Phase 1 residence association	200,000	-
Patrick Keku	200,000	-
Accion Microfinance Bank Ltd	100,000	-
Hon. Justice I.A Olorunnimbe OON	100,000	-
HRM Oba Shotobi Kabiru	100,000	-
Kassim Waheed Olusegun	100,000	-
Lagos Lawn Tennis	100,000	-
Oba Kamorudeen Oloja	100,000	-
Association of Private Educators of Nigeria	100,000	-
Fattarelli O & Isimijola	80,000	-
Mr. Samir Maalouf	50,000	-
Mrs. Yetunde Akinluyi	50,000	-
Risk Control Serv. Nig Ltd	50,000	-
Mrs Awala Olufunmilayo	30,000	-
Anonymous	15,100	56,069
Mr. O. O Saheed	4,000	-
Abideen Moshood Omogbolahan	2,000	-
Mr. Emmanuel Aguma SAN	2,000	-
Mr. Segun	1,620	-
Falokun Olaolu	500	-
Zenith Bank Plc	-	100,000,000
First Bank of Nigeria Limited	-	75,000,000
Diamond Bank	-	65,000,000
Skye Bank Plc	-	50,000,000
Wapic Insurance Plc	-	20,000,000
Lebanese Nigeria Initiative	-	10,000,000
Coscharis Motors	-	5,000,000
Providus Bank Plc	-	5,000,000
Rand Merchant Bank	-	3,000,000
Prudent Energy	-	1,000,000
Goshen Estate	-	1,000,000
Victoria Crown Plaza	-	500,000
Righteous Construction Fund Nigeria Limited	-	500,000
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
Folashade Aluko	-	50,000
Fagbenro Sessi	-	25,000
United Technologies	-	25,000
Engineer Fasan Akin	-	15,000
First Choice Fund Limited	-	1,075
Adeola Alabi	-	1,000
	-----	-----
	480,635,220	518,843,144
	=====	=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

6	Donations in kind		
6a	Donations from public officers and government agencies:		
		2017	2016
		₦	₦
	Lagos State Government		
	Supply of 7.6m litres (2016: 5.7m litres) of Premium Motor Spirit (PMS)	1,138,320,000	485,506,193
	Supply of 2.1m litres (2016: 2.0m litres) of Automated Gasoline Oil (AGO)	516,615,000	309,298,634
	Supply of 20 drums (2016: 17 drums) of Lubricants	2,592,200	2,098,450
	10 Specialised Sinoki Supra motorbikes	6,000,000	-
	40 Power Bikes (SINOKI)	-	24,000,000
		-----	-----
		1,663,527,200	820,903,277
		=====	=====
6b	Donations from private bodies:		
		2017	2016
		₦	₦
	MTN Foundation		
	10 Toyota Hilux	-	60,300,000
	ExxonMobil		
	3 Toyota Avensis	-	24,000,000
	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
		-----	-----
		-	127,300,000
		=====	=====
7	Other income		
		2017	2016
		₦	₦
	Grants	9,044,052	5,522,126
	Gain on sale of scraps	1,377,000	1,632,955
	Registration fee	1,535,000	2,350,000
	Gain on sale of property and equipment	-	312,821
	Others	-	10,024
	Town hall meeting sponsorship	11,200,000	-
	Security tips and signages	12,500,000	-
		-----	-----
		35,656,052	9,827,926
		=====	=====
	Others represent provisions made in previous years that are no longer required.		
		2017	2016
		₦	₦
8	Finance income		
	Interest from fixed deposit	28,847,193	12,532,958
	Interest from treasury bills	6,488,241	-
		-----	-----
		35,335,434	12,532,958
		=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2017 ₦	2016 ₦
<b>9 Support to security agencies</b>		
Donated vehicles, equipment and other supplies issued to security agencies (Note 9a)	1,663,527,200	974,433,277
Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b)	394,788,900	187,116,705
Repairs and branding (Note 9c)	110,871,391	102,393,380
	<u>2,169,187,491</u>	<u>1,263,943,362</u>
	=====	=====
<b>9a Donated vehicles, equipment and other supplies issued to security agencies Beneficiaries</b>	2017 ₦	2016 ₦
<b>Lagos State Rapid Response Squad (RRS)</b>		
Supply of 7.6m litres (2016: 5.7m litres) of Premium Motor Spirit (PMS)	1,138,320,000	485,506,193
Supply of 2.1m litres (2016: 2.0m litres) of Automated Gasoline Oil (AGO)	516,615,000	309,298,634
Supply of 20 drums (2016: 17 drums) of Lubricants	2,592,200	2,098,450
10 Specialised Sinoki Supra Superbikes	6,000,000	-
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
1 Kevlar helmet	-	510,000
7 Solar Rechargeable Lights	-	436,000
1 Hard Plate Level IV	-	75,000
<b>Lagos State Police Command and Nigerian Army</b>		
3 unit of Toyota Avensis	-	24,000,000
1 Unit of Toyota Hilux	-	6,700,000
<b>Operation MESA (Army)</b>		
5 unit of Toyota Hilux	-	33,500,000
<b>Marine Police</b>		
1 unit of Toyota Hilux	-	6,700,000
<b>Bomb Squad</b>		
1 unit of Toyota Hilux	-	6,700,000
<b>Operation MESA (Navy)</b>		
2 units of Toyota Hilux	-	18,000,000
<b>Operation MESA (Air Force)</b>		
2 units of Toyota Hilux	-	18,000,000
	<u>1,663,527,200</u>	<u>974,433,277</u>
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

9b	Purchased vehicles, equipment and other supplies issued to security agencies Beneficiaries	2017 N
	<b>Lagos State Rapid Response Squad (RRS)</b>	
	20 Nissan Almera Cars	144,900,000
	106 units of tyres	15,671,000
	112 rolls of charcoal black fabrics	9,520,000
	Spare parts for routine service of fleets for quarter1	8,633,800
	Service parts for 204 vehicles for routine service	7,472,100
	20 revolving light with siren & radio base sets for the new Nissan Almera saloon car	5,800,000
	120 motor bike tyres	3,204,000
	250 pairs of operational boots	3,000,000
	Computer systems & office tools for Decoy & media team of RRS	2,750,000
	2 sets of vulcanizing & battery charging equipment	960,000
	Accessories for 20 Nissan Almera vehicles purchased	210,000
	250w MK-1000DZ wireless public address system	160,000
	8 fire extinguishers & one medium sized ladder	138,000
	10 fire extinguishers	105,000
	<b>Operation MESA: Airforce</b>	
	12,420 litres of Premium Motor Spirit (PMS)	1,800,000
	<b>Marine Police</b>	
	3 Yamaha outboard engines for Marine Police	19,860,000
	90,000 litres of Automated Gasoline Oil (AGO)	17,660,000
	20 units of 100amps batteries	900,000
	<b>Naval Base</b>	
	30,000 litres of Automated Gasoline Oil (AGO)	6,060,000
	<b>Lagos State Police Command</b>	
	8 Nissan pick-up NP300 2.4L double cabin 4wd	83,160,000
	120 units of 5KVA generators	24,360,000
	Installation of 120 units of 5KVA generators	12,000,000
	8 Sets of revolving bar light & mobile base radio on the 8 Nissan pick-up purchased	2,440,000
	Construction & installation of back cabins on 7 patrol vehicles (Nissan Pick-up)	1,500,000
	Cash award for gallantry to selected officers	750,000
	Registration of number plates for 8 Nissan Patrol vehicles	204,000
	<b>Senior Special Adviser to the Governor on Special Services</b>	
	2 Nissan pick-up NP300 2.4L double cabin 4wd	20,790,000
	Supply & Installation of 2 sets each siren amber lights & Motorola GM140 base radios	610,000
	Registration of number plates for 2 Nissan Patrol vehicles	51,000
	<b>Governor's office</b>	
	6 stun batons/gun	120,000
		-----
		394,788,900
		=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

9b	<b>Purchased vehicles, equipment and other supplies issued to security agencies - continued</b>	
	Beneficiaries	2016 ₦
	<b>Lagos State Police Command</b>	
	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
	<b>Lagos State Rapid Response Squad (RRS)</b>	
	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
	<b>Nigerian Prisons Service</b>	
	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
	<b>Operation MESA: Nigerian Army</b>	
	Supply and installation of 2 base radios	260,000
	Fueling of 7 Toyota Hilux	48,500
	<b>9 Brigade</b>	
	Reconstruction of Sporting facility	500,000
	<b>Operation MESA: Nigerian Airforce</b>	
	Supply and installation of 2 base radios	260,000
	<b>Operation MESA: Nigerian Navy</b>	
	Supply and installation of 2 base radios	260,000
	<b>Marine Police</b>	
	96,000 litres of Automated Gasoline Oil (AGO)	16,660,000
	<b>Naval Base</b>	
	27,000 litres of Automated Gasoline Oil (AGO)	4,530,000
	<b>Federal Road Safety Corps</b>	
	Supply of 27 unit of tyres	1,150,500



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

9b	Purchased vehicles, equipment and other supplies issued to security agencies - continued	2016 ₦
	<b>State Security Service</b>	
	Installation of new communication equipment	18,199,555
		-----
		187,116,705
		=====
9c	Repairs and branding	2017 ₦
	<b>Nigeria Security and Civil Defence Corps</b>	
	Refurbishment of 10 vehicles	18,001,650
	<b>Lagos State Rapid Response Squad (RRS)</b>	
	Refurbishment of 3 Ford Rangers	3,738,750
	General refurbishment of 27 units of Sinoki supra bikes	2,826,470
	Servicing of 22 Armoured Personnel Carriers	2,800,000
	Repair of (4) Armoured Personnel Carriers, 3 Izuzu trucks & 1 MAN diesel	2,674,000
	Full refurbishment of 5 patrol vehicles	2,647,000
	Full refurbishment of Toyota Hilux pick-up van with Reg No: RRS 352 LA	2,059,700
	Full body branding of 20 newly purchased Nissan Almera cars	2,000,000
	Refurbishment of 6 units of Toyota Hilux pick up vans	2,000,000
	Refurbishment of Toyota Hilux RRS 330 LA	1,726,200
	Repairs of Swat 21 Armoured Personnel Carriers	1,680,000
	Repair of Toyota Hilux RRS333LA & RRS 327LA	1,237,000
	Repair & replacement of parts on Toyota Corolla RRS 051 LA	1,124,000
	Repair & replacement of parts on Toyota Corolla RRS 045 LA.	1,090,000
	Destruction of worn sensitive security Items	1,300,000
	Routine service of 87 vehicles for the 1st quarter	870,000
	Routine service of 10 APC (Ford Brands) -SWAT 24,29,36,37,38,40,43,44,45,39	810,000
	Repair of 5 Armoured Personnel Carriers	780,000
	Routine service of 65 patrol vehicles	745,000
	Repair & servicing of 4 pieces of RRS 250HP Suzuki out board engines for Marine boats	688,000
	Servicing of 87 Sinoki bikes	652,500
	Labour charge for Routine service of 65 patrol vehicles	650,000
	Routine service for RRS vehicles	637,000
	Repairs & rebranding of 4 decoy vehicles	631,000
	Repairs of 6 Izuzu troop carriers	621,100
	Repair of 8 Isuzu trucks	613,400
	Repairs of Armoured Personnel Carriers Swat 042	600,000
	Routine service of 79 sinoki motor bikes	592,500
	Labour charge for routine service of 50 vehicles	550,000
	Labour charge for routine service & cleaning of injector nozzles for 53 vehicles	530,000
	Repair & servicing of Armoured Personnel Carriers 39 (Ikeja)	500,000
	Repair & servicing of Armoured Personnel Carriers 35 (Fagba)	500,000
	Servicing of 55 RRS fleets	451,000
	Repair of faulty revolving lights & siren of 101 vehicles	450,000
	Repair & servicing of 3 Armoured Personnel Carriers	405,000
	Repair of Armoured Personnel Carrier Swat 33 located in Festac Town	399,500
	Repair & servicing of Armoured Personnel Carriers SWAT 44 (Epe)	350,000
	Repair of Swat 33 Iyana-Ipaja & Swat 13 Toyota B/S Ladipo	323,100
	Repairs of RRS 060 LA and RRS 066 LA vehicles	293,288
	Repair of Armoured Personnel Carrier Swat 45	290,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

9c Repairs and branding - continued

	2017 ₦
<b>Lagos State Rapid Response Squad (RRS) - Continued</b>	
Labour charge for the routine service of 29 vehicles	290,000
Repair of RRS 342 LA	250,000
Repairs on 3 Nissan Almeras	255,433
Repair of Armoured Personnel Carrier Swat 24 in Ejirin	190,000
Repair of 5 vehicles	100,000
Repair of Toyota Landcruiser Armoured Personnel Carrier Swat 32	95,000
<b>Marine Police</b>	
Repairs of 34 Marine boat engines	3,509,000
Repairs/service of 30 gunboats	2,801,000
Repairs/servicing of 4 inboard engines gunboats	1,850,800
Service of 6 gun boats (PC05, PC19, PC32, PC36, PL05, PL12)	2,283,000
Replacement of hydraulic power steering hose with accompanied accessories	370,000
PL 05 Injector pump calibration	215,000
<b>Operation MESA: Nigerian Army</b>	
Repair/refurbishment of 38 OP_MESA Patrol Vehicles	16,263,050
Refurbishment of 2 OP_MESA patrol vehicles	2,766,700
Refurbishment of Toyota Hilux	1,500,000
Refurbishment of an additional Hilux van	1,500,000
Refurbishment of Nissan Pick-up	1,000,000
Refurbishment of Toyota Hilux	1,000,000
Repair of Peugeot 406 saloon car	425,000
<b>Operation MESA: Nigerian Navy</b>	
Refurbishment of 5 OP_MESA Patrol Vehicles	6,916,750
<b>Operation MESA: Nigerian Airforce</b>	
Refurbishment of 3 OP_MESA patrol vehicles	4,150,050
Repair/refurbishment of 2 OP_MESA Patrol Vehicles	855,950
<b>Lagos State Police Command</b>	
Branding of 8 Nissan Nt300 pick up van	800,000
<b>Lagos State Neighbourhood Safety Corp (LNSC)</b>	
Repair of one damaged Ford ECOSPORT with reg no: AKD 349 EQ in use by the LNSC	647,500
	-----
	110,871,391
	=====
	2016 ₦
<b>Lagos State Rapid Response Squad (RRS)</b>	
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

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**

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
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
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LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

9c Repairs and branding - continued

	2016
	₦
<b>Lagos State Police Command</b>	
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
<b>Marine Police</b>	
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
<b>State Security Service (SSS)</b>	
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
<b>Federal Road Safety Corps (FRSC)</b>	
Repairs of Toyota Hilux and Toyota Corolla	2,090,000
Repairs of vehicles for FRSC	4,535,500
	-----
	102,393,380
	=====

	2017	2016
	₦	₦
10 Employee benefits expense		
Salaries and allowances	16,485,000	13,747,850
Pension cost	527,400	678,300
	-----	-----
	17,012,400	14,426,150
	=====	=====
11 Rent expenses		
Office rent	3,785,643	3,789,354
Service charge	2,214,793	2,321,252
	-----	-----
	6,000,436	6,110,606
	=====	=====
12 Other operating expenses		
Audit and other professional fees	10,000,000	10,000,000
Bank charges	130,831	111,842
General office expenses	5,857,619	4,054,583
Insurance	1,724,803	188,860
Mid-year and annual Town hall meeting on security	18,853,850	9,177,035
Other office expenses	5,823,864	2,869,390
Public enlightenment and awareness	1,588,816	3,374,000

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

12	Other operating expenses - continued	2017 ₦	2016 ₦
	Renewal of website domain	-	1,220,000
	Antivirus ICT	122,220	-
	Security tips and signage cost	3,750,000	-
	Trustees' remuneration	1,150,000	1,300,000
		<u>49,002,003</u>	<u>32,295,710</u>
		=====	=====

13 **Taxation**

The income of LSSTF is exempted from 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 2016	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)
	-----	-----	-----	-----	-----
<b>As at 31 December 2016</b>	<b>13,950,092</b>	<b>4,549,317</b>	<b>26,000,000</b>	<b>2,343,375</b>	<b>46,842,784</b>
Additions	-	285,000	-	-	285,000
	-----	-----	-----	-----	-----
<b>As at 31 December 2017</b>	<b>13,950,092</b>	<b>4,834,317</b>	<b>26,000,000</b>	<b>2,343,375</b>	<b>47,127,784</b>
	-----	-----	-----	-----	-----
<b>Depreciation</b>					
As at 1 January 2016	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
Disposal	(2,147,430)	(1,002,500)	-	-	(3,149,930)
	-----	-----	-----	-----	-----
<b>As at 31 December 2016</b>	<b>4,254,759</b>	<b>1,393,995</b>	<b>6,179,165</b>	<b>390,563</b>	<b>12,218,482</b>
Charge for the year	3,184,263	1,411,927	6,052,084	468,675	11,116,949
	-----	-----	-----	-----	-----
<b>As at 31 December 2017</b>	<b>7,439,022</b>	<b>2,805,922</b>	<b>12,231,249</b>	<b>859,238</b>	<b>23,335,431</b>
	-----	-----	-----	-----	-----
<b>Net Book Value</b>					
At 31 December 2017	6,511,070	2,028,395	13,768,751	1,484,138	23,792,354
	=====	=====	=====	=====	=====
At 31 December 2016	9,695,333	3,155,322	19,820,835	1,952,812	34,624,302
	=====	=====	=====	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2017 ₦	2016 ₦
15 Intangible assets		
Cost		
At 1 January	450,000	-
Additions	-	450,000
At 31 December	----- 450,000 =====	----- 450,000 =====
Accumulated amortisation and impairment		
At 1 January	123,750	-
Amortisation for the year	148,500	123,750
At 31 December	----- 272,250 =====	----- 123,750 =====
Net book value		
At 31 December	177,750 =====	326,250 =====

	2017 ₦	2016 ₦
16 Inventories		
20 Nissan Almera saloon cars	-	144,900,000
	----- -	----- 144,900,000 =====

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

	2017 ₦	2016 ₦
17 Account receivables		
Pledged donations	16,350,000	70,000,000
	----- 16,350,000 =====	----- 70,000,000 =====

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

	Total ₦	Neither past due nor impaired <30 ₦	Past due but not impaired >30 ₦	
2017	16,350,000	-	-	16,350,000
2016	70,000,000	-	-	70,000,000

	2017 ₦	2016 ₦
18 Investment securities - held to maturity		
Treasury bills	56,476,571 =====	- ==

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

The Fund's investment in treasury bills is as follows:

	Face value	Tenor	Discount rate	Maturity date
		Days	%	
First Bank of Nigeria	55,268,000	91	13	1 Feb 18
19 Other assets		2017		2016
		₦		₦
Cash advance	12,675,000			-
Prepaid insurance	348,558			655,384
Prepaid office rent	1,376,713			5,162,357
Prepaid others	-			591,996
	-----			-----
	14,777,475			6,409,737
	=====			=====
20 Cash and short-term deposits		2017		2016
		₦		₦
Cash on hand	14,535			208,854
Cash at banks				
Access Bank Plc	44,679,766			132,901,531
Coronation Bank Plc	53,258,289			-
Diamond Bank Plc	22,789,208			26,862,158
Fidelity Bank Plc	66,393,863			19,999,988
First Bank of Nigeria Limited	54,707,444			52,463,511
Guaranty Trust Bank Plc	36,241,602			11,153,047
Heritage Bank	578,990			2,159,586
Skye Bank Plc	40,643,642			59,885,811
Stanbic IBTC	55,947,759			22,062,620
Sterling Bank Plc	51,254,450			2,572,359
United Bank of Africa Plc	73,881,120			19,018,461
Wema Bank Plc	9,996,946			-
Zenith Bank Plc	71,778,070			110,572,991
	-----			-----
	582,165,684			459,860,917
	=====			=====

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

	2017	2016
	₦	₦
Cash on hand	14,535	208,854
Cash at bank	582,151,149	459,652,063
	-----	-----
	582,165,684	459,860,917
	=====	=====



LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

	2017 ₦	2016 ₦
21 Accounts payable		
Audit fees	10,000,000	10,000,000
Other accrued expenses (Note 21.1)	70,712,152	45,294,599
Fuel, oil and other lubricants	-	1,840,000
	-----	-----
	80,712,152	57,134,599
	=====	=====

21.1 Included in other accrued expenses as at 31 December 2017 are

	2017 ₦
Total cost for repair and refurbishment of 50 OP_MESA patrol vehicles	30,952,500
Balance for repairs, servicing and refurbishment of RRS vehicles	15,104,530
Balance on repairs of 11 APCs for Police Command	6,500,000
Other accruals	5,564,472
Balance on repairs of vehicles for FRSC & Prisons Bus	4,535,500
Balance on installation of 120 nos of generators	3,600,000
Outstanding payment for security tips signages	1,750,000
Balance for refurbishment of 3 vehicles attached to OP-MESA Army	1,240,000
Balance on repairs of SSS patrol vehicles	1,465,150
	-----
	70,712,152
	=====
	2016 ₦
Outstanding payment for repairs of 11 APCs for Police Command	9,350,000
Outstanding payment for repairs of 6 APCs for RRS	7,205,400
Other accruals	7,210,494
Outstanding payment for rapid communication systems for SSS	5,679,555
Outstanding payment for repairs of vehicles for FRSC and Prison Bus	4,535,500
Outstanding payment for repairs of 11 RRS vehicles	3,288,230
Outstanding payment for training for RRS personnel	2,495,220
Outstanding payment for repairs of 2 boats for RRS-	2,394,000
Outstanding payment for repairs of RRS332LA	1,636,200
Accrual for supply of 1000 badges to RRS	1,500,000
	-----
	57,134,599
	=====

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

	2017 ₦	2016 ₦
22 Deferred income		
Government grant	17,396,956	24,766,008
Others	3,768,750	5,443,750
	-----	-----
	21,165,706	30,209,758
	=====	=====

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

22 Deferred income - continued

	2017 ₦	2016 ₦
22.1 Classification of deferred income		
Current	9,044,052	9,044,052
Non-current	12,121,654	21,165,706
	<u>21,165,706</u>	<u>30,209,758</u>
	=====	=====

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

22.2 Deferred income movement schedule

	Government grant ₦	Others ₦	Total ₦
At 1 January 2016	-	-	-
Additions	29,031,884	6,700,000	35,731,884
Released to statement of income and expenditure	(4,265,876)	(1,256,250)	(5,522,126)
	<u>24,766,008</u>	<u>5,443,750</u>	<u>30,209,758</u>
At 31 December 2016	24,766,008	5,443,750	30,209,758
Released to statement of income and expenditure	(7,369,052)	(1,675,000)	(9,044,052)
	<u>17,396,956</u>	<u>3,768,750</u>	<u>21,165,706</u>
At 31 December 2017	17,396,956	3,768,750	21,165,706
	=====	=====	=====

23 Employees' remuneration

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

	2017 Number	2016 Number
100,000 - 1,000,000	4	4
1,000,001 - 2,000,000	3	3
2,000,001 - 6,000,000	1	1
	<u>8</u>	<u>8</u>
	===	===

The aggregate cost of these employees was:

	2017 ₦	2016 ₦
Salaries and wages	17,012,400	14,426,150
	=====	=====

24 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

24	Related party transactions - continued	2017 ₦	2016 ₦
	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	1,150,000 =====	1,300,000 =====

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

25 **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.

26 **Risk management**

a. **Overview**

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

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

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Further quantitative disclosures are included throughout these financial statements.

**Credit risk**

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 transacting only with deposit money banks. Refer to Notes 17 and 20 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.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS - continued

26 Risk management- continued

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 21 for account payables and Note 17 and 20 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 2017</b>				
<i>Assets</i>				
Cash and cash equivalents	582,165,684	582,165,684	582,165,684	-
Account receivables	16,350,000	16,350,000	-	16,350,000
	598,515,684	598,515,684	582,165,684	16,350,000
<i>Liabilities</i>				
Account payables	80,712,152	80,712,152	-	80,712,152
	80,712,152	80,712,152	-	80,712,152
Liquidity gap	517,803,532	517,803,532	582,165,684	(64,362,152)
Cumulative liquidity gap			582,165,684	517,803,532
			=====	=====
<b>31 December 2016</b>				
<i>Assets</i>				
Cash and cash equivalents	459,860,917	459,860,917	459,860,917	-
Account receivables	70,000,000	70,000,000	-	70,000,000
	529,860,917	529,860,917	459,860,917	70,000,000
<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	472,726,318	459,860,917	12,865,401
Cumulative liquidity gap			459,860,917	472,726,318
			=====	=====

## LAGOS STATE SECURITY TRUST FUND

### NOTES TO THE FINANCIAL STATEMENTS - continued

#### 26 Risk management- continued

##### **Market risk**

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

#### 27 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 2017 ₦3,785,643 (2016: ₦3,789,354) was expensed in the statement of income or expenditure in respect of the operating lease.

#### 28 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 2017.

#### 29 Capital Management

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

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF VALUE ADDED

	31 DECEMBER 2017 N		31 DECEMBER 2016 N	
Gross income	2,215,553,906		1,500,617,305	
Bought in goods & other services - local	(2,224,190,930)		(1,302,349,677)	
Value (consumed)/ added	(8,637,024)	100%	198,267,628	100%
Applied as follows:				
Employees:				
Employee benefit expense	17,012,400	(184%)	14,426,150	7%
Retained for Fund future:				
Depreciation & amortization	11,265,449	(122%)	7,951,511	4%
(Deficit)/ surplus for the year	(36,914,873)	406%	175,889,966	89%
	(8,637,024)	100%	198,267,628	100%

The value (consumed)/ added represents the wealth (utilized)/ generated through the use of the Fund's assets by its employees.

LAGOS STATE SECURITY TRUST FUND  
FIVE YEAR FINANCIAL SUMMARY

	IFRS				
	31 December 2017 ₦	31 December 2016 ₦	31 December 2015 ₦	31 December 2014 ₦	31 December 2013 ₦
<b>Financial results</b>					
Gross income	2,215,553,906	1,500,617,305	6,192,773,507	1,604,534,572	1,274,358,558
Total expenditure	(2,252,468,779)	(1,324,727,339)	(5,884,621,508)	(1,736,222,702)	(1,131,332,106)
(Deficit)/surplus for the year	(36,914,873)	175,889,966	308,151,999	(131,688,130)	143,026,452
<b>Financial position</b>					
Accumulated funds	591,861,974	628,776,849	452,886,883	144,734,884	276,423,014
<b>Employment of funds</b>					
Non-current assets	23,970,102	34,950,552	3,309,548	4,571,699	6,459,092
Current assets	669,769,730	681,170,654	482,496,630	197,603,298	318,275,197
Non-current liabilities	(12,121,654)	(21,165,706)	-	-	-
Current liabilities	(89,756,204)	(66,178,651)	(32,919,295)	(57,440,113)	(48,311,275)
	591,861,974	628,776,849	452,886,883	144,734,884	276,423,014