



**LAGOS STATE SECURITY TRUST FUND  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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FOR THE YEAR ENDED 31 DECEMBER 2010**

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**LAGOS STATE SECURITY TRUST FUND  
LEGAL AND ADMINISTRATIVE INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Registered Office**

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

**Bankers**

Skye Bank Plc  
Alausa Secretariat Branch  
Alausa, Ikeja, Lagos

Zenith Bank Plc  
Alausa Secretariat Branch  
Alausa, Ikeja, Lagos

First Bank of Nigeria Plc  
Acme Road, Ikeja, Lagos

Sterling Bank Plc  
Opebi Road, Ikeja, Lagos

Mainstreet Bank Ltd  
Reinsurance House  
46 Marina, Lagos

Enterprise Bank Ltd  
44 Allen Avenue  
Ikeja, Lagos

**Auditors**

PricewaterhouseCoopers  
252E Muri Okunola Street  
Victoria Island, Lagos

**LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Introduction**

The yearly Town Hall Meeting on Security with His Excellency, the Governor of Lagos State, Babatunde Raji Fashola, SAN is an annual event during which the Governor and the Lagos State Security Trust Fund engage with stakeholders and donors over general security concerns, especially those involving violent crime and public safety. In addition, the Trust Fund gives account of its activities over the previous year and presents its audit report. The occasion provides an opportunity for the Commissioner of Police and other service commanders involved in the protection of lives and property to brief stakeholders on the current state of security and challenges and listen to their comments and concerns. Donors and those yet to donate to the trust fund are then called upon to commit further assets to the Fund in the interest of sustaining the security model improving the security situation.

The Lagos State Security Trust Fund was established in 2007 by a law of the Lagos State House of Assembly to raise and coordinate the application of donations in cash and equipment from government, private organisations and individuals which are urgently required to enhance the operational capacity of the police and other security agencies which have suffered from years of federal neglect and underfunding, so as to improve their effectiveness. Due to the efforts of the Fund and its partners it has been able to transfer assets to the police and the various security agencies at a rate and volume unprecedented in any state in Nigeria. Just to recap, since the establishment of the Fund in late 2007 it has been able to transfer a total of 561 patrol vehicles, 124 high speed motorbikes and 350 protective rider kits, 30 APCs (armoured personnel carriers), 2 helicopters, 455 walkie-talkies, 654 base radios (for patrol vehicles and police stations), 1680 ballistic helmets, 1760 bulletproof vests (and 250 replacement vests), 840 tires, 220 batteries, 5 generators, 1500 each of rain coats and police standard boots, 5 patrol boats, 2290 sets of uniforms, 100 gunshot trauma packs, 1000 AK 47 rifles and 2,000,000 rounds of ammunition, and the repair/replacement of radio towers/repeaters.

The need to properly account for the donations received, and, to ensure the maintenance of these assets in order to guarantee sustainability/continuity were at the forefront of considerations in establishing the Fund. Indeed, this year the Fund has expended N25,581,685.00 on the repair and maintenance of vehicles and APCs, including replacement of tires and batteries for various formations including the RRS, the Prisons Service and OP Mesa. It is important to note that the Fund has in time come to provide the hitherto missing management and maintenance component vital to the sustenance of any security system.

The Fund is managed by a Board of Trustees with an Executive Secretary as CEO. The Fund and indeed Lagosians generally have been fortunate to have a Board that is very well led and which has an unquestioning commitment to accountability and effective management. No expenditure is incurred without the approval of the Board and all such expenditure is fully documented, and no equipment is purchased for or released to the security agencies without (1) a specific request from an agency; and (2) without the agency justifying to the Board the basis of the need and its relevance to the challenges on the ground. In terms of administrative costs, the Fund has adopted a philosophy of lean management, with administrative costs generally involving less than 5% of total expenditure including rent and allowances. This year the percentage is 4.24%.

From time to time, the Board invites the Commissioner of Police and other commanders to attend its meetings and brief members with a view to better understanding the state, challenges and demands of the security situation.

**LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE BOARD OF TRUSTEES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Composition of the Board of Trustees**

The Board of Trustees was reconstituted in 2011 by the appointment first by HE the Governor of three Board members, specifically: Mr. Opeyemi Agbaje, MD, Resources and Trust Company Ltd. replacing Dr. Reuben Abati, and Mr. Biyi Mabadeje and Mr. Gbolahan Lawal, Honourable Commissioners of Science & Technology and Agriculture & Co-operatives respectively, replacing Messrs. Lanre Balogun and Jide Sanwoolu, former commissioners of Rural Development and Establishment & Training. We were also very gratified to welcome an additional Board member appointed by His Excellency in the person of Mr. Bisi Onasanya, GMD of First Bank Plc. representing the Bank and which, of course, brings our Bank membership on the Board to three along with Skye and Zenith Banks, represented by Mr. Kehinde Durosinmi-Etti, GMD, Skye Bank Plc., and Mr. Ebenezer Onyeagwu, ED Zenith Bank. Since the term of the pioneer Board came to a close on 7th October 2011, HE the Governor formally re-inaugurated the Board with Mr. Remi Makanjuola retaining his Chairmanship and with DIG Olusegun Kassim also staying on as our mentor-member. In essence, we have been able to maintain a measure of continuity which is very important for developing institutional memory and informed decision making.

The law enjoins the Fund to appoint an external auditor and publish the audit reports each year. In line with this statutory requirement and the Fund's philosophy of accountability, the well-known audit firm, PricewaterhouseCoopers was appointed in 2008 and has audited the Fund's accounts since then. The audit report for 2010 is contained in the brochure.

**December 2010 to November 2011**

The Fund received a total of N199,090,000 in cash since the November 2010 Town Hall Meeting, approximately N1,004,280,109 in equipment and fuelling of patrol vehicles from the Lagos State Government, and N91,000,000 in cash value of donations of equipment from the private sector. The list of donors and the specifics of each donation is contained in the brochure. Clearly, the Lagos State Government remains the main contributor to the Fund, and though the private donations are much appreciated, it is manifestly clear that more is required in terms of support from companies and individuals yet to contribute. As it stands, the current donors, most of whom are year-on-year contributors are effectively subsidising security for the rest of us.

Significantly, because of the continuous needs of the security situation, we expended more than we received, a total 2011 expenditure (subject to audit) of N249,302,287 as against a cash income of N199,090,000 as indicated earlier. Because of this high outgoing, we end the year with a net balance of N53,260,000 as against a sum of N181,393,723 which was the balance at the end of last year. This again underscores the challenges of retaining our viability as an effective intervention agency in providing support for our law enforcement partners. But we must acknowledge the fact that we have been lucky to at least expand our donor base with the coming on board of the Nigeria Ports Authority which has committed N6.6million every two months for the fuelling and maintenance of the six gun boats launched by the IG in April this year, the commitment by CocaCola Plc to include donations to the Fund in its 2012 budget, the recent installation of emergency phones connected to the 767/112 emergency call center on the Third Mainland Bridge by MTN, and the growing number of churches, unions, associations, individuals and schools and school children who contribute their widows mite. These are much appreciated and encouraging.

**LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE BOARD OF TRUSTEES (Cont'd)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**Activities of the Fund 2011**

In spite of the limitations due to receiving less donations than expected, the Fund was still able to respond to security needs in a fairly substantial manner. In addition to our regular investment in maintenance of Trust Fund assets and repair of agency assets on special dispensation, the Fund this year decided, on the request of the police and the State Security Council, to pursue a policy of build-up of divisional police capacity across the state. Following on this philosophy, the Fund acquired or had donated to it sufficient vehicles to supply many divisions and formations in various parts of the state which did not have sufficient or functioning vehicles and thereby enhance cross-state policing capacity. Thus we distributed vehicles to the following police stations and formations: Federal Special Anti Robbery Squad, Adeniji Adele (4); Lagos State Police Command Special Anti-Robbery Squad (5); Lagos State Command Special Ops Attack Squad (4); Adekunle Division (1); Sabo Division (1); Bode Thomas Division (1); Agbado Division (1); Gowon Estate Division (1); Ilupeju Division (1); New Oko-Oba Division (1); Alakuko Division (1); Ijaye Ojokoro Division (1); Ikoyi Division (1); Maroko Division (1); and Mopol 49, Epe. These were in addition to vehicles we handed over to OP Mesa, the SSS, Lekki Convoy Patrol, and the Lagos State Task Force on Environmental Enforcement.

But there are still many needs, especially with the creation of five new Area Commands, five new police divisions and a special marine police command, and with the federal government shifting the burden of both constructing and equipping them onto the state government's already heavily burdened shoulders. These Area Commands are vital strengthening elements of the Lagos State security architecture, especially in terms of bringing command and control closer to their geographical areas of coverage, but we need help in making them truly effective and functional. The Lagos State Government has already donated vehicles and communications equipment for their start-up and is to undertake the construction of the various command headquarters in 2012. At the moment they are operating out of temporary quarters either donated by the various communities or sharing government buildings. We need to move on this issue very quickly. In addition and as is its custom, the Lagos State government beefed up RRS capacity in 2011 by donating 100 fully equipped Ford Ranger Patrol Vans, 84 high powered motorcycles for the special RRS motorbike squad, 200 bulletproof vests, and 10 additional APCs to the police through the Trust Fund.

What the Trust Fund with the support of the Lagos State Government and our donors has been able to do to some substantial degree is to give the police and other security agencies flexibility in dealing with the challenges that face us especially in the areas of violent crime, public disorder and surveillance. So in effect, a discernable security system is taking shape. The Trust Fund is able, for instance, to invest in the development and deployment of the special motorcycle patrols, the first of their kind in the history of policing in Nigeria, which, from reports, we have found to be a veritable partial solution to some of the peculiar challenges of policing a place as dense and traffic challenged as Lagos with the additional issue for instance, of areas like Apapa where long delayed federal road repair work and the thousands of tankers/trailers attracted to the port to lift fuel have created monumental problems. There are many recorded instances where these patrols have more than proved their worth in trying situations and their mobility and presence has given citizens a sense of comfort and assurance that somebody somewhere is looking out for them. The policy was developed locally by the state government and the Fund working with the police authorities because we could identify local peculiarities and address them without waiting for the center. It is doubtful that such an initiative could have developed under the old system.

**LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE BOARD OF TRUSTEES (Cont'd)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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We need to grow this model with your help. The ideal scenario is to have enough motorbikes and trained and well-kitted men so that we can deploy the special motorbike squads across the whole state. The patrol vehicles enable more mobility and coverage of larger areas, the presence of the APCs mean that the men can face serious threats well protected and they also act as a major deterrent to attacks on banks and other financial and commercial institutions by heavily armed gangs, the radios mean that communication has improved and the emergency call center means that the police are more quickly able to intervene and respond to distress calls with citizens' input. The helicopter patrols also allow the operatives to have a birds' eye view of your city.

**Training investments**

The Fund also invests in support of the state government on capacity building and training, which is one of its statutory functions. On realising that there was a major lack of trained drivers within the Rapid Response Squad, on the Fund's advice (and advising the governor is also one of our statutory functions) HE Governor Fashola made a case to the Inspector General for the training of SPY police men as drivers and their integration into the RRS and he kindly approved the training and integration of 300 men and women who would be recruited locally and be effectively employees of the LASG, but working with the police. The 300 SPY police were trained at the police college in police driving tactics, handling of APCs and other skills at a cost jointly borne by the state government and the Fund, and have now joined the RRS, strengthening their capacity and bringing local knowledge of the environment and the on board with them. This unique and unprecedented initiative also has the advantage of ensuring that these skilled individuals are not transferred to other states along with their value-added training as is the normal practise of the federal government's "common services" structure.

**Current Challenges**

As stated earlier, the most pressing challenge of the Fund is sustainability and growth over the long term. The prospects of any viable alternative to the Fund, or a reduction in security threats at the present time, either by way of full (or matching) investment by the federal government in the security of the state and its citizens generally (as against investment in the protection of federal government installations/facilities), or by criminals and terrorists suddenly turning a new leaf and becoming model citizens, is highly unlikely. Recent reports in the press show a rising wave of violent crime across the country, even not taking into account the threat of terrorism. As the army/JTF moves into certain states to counter these terrorist threats, the ideologues may stay on to engage them but the career criminals will move to other states. Our best bet in providing us with a level of local protection is to support the security agencies through the instrumentality of the Fund. It is your institution, accountable to you and working for you. The officers and men of the various agencies are good at what they do but they need support. When the Governor chairs the monthly State Security Council meeting and analysis is done and strategies developed, it is the tools provided mainly by the state government and the Fund that enable them to put these strategies into effect. And let us not think that we are not affected by happenings in other parts of Nigeria. We are and Lagos, the heart beat of the nation is a potential target. We must be prepared not just for the moment but into the future. We need to sustain and then grow our model so that we are assured of adequate capacity for any eventuality. There will always be crime, it is a business, a fact of modern living; and Lagos is complex, challenged and potentially vulnerable, but we can reduce the window of opportunity to a tiny hole that can be managed. This is what your partnering with the Trust Fund over the years has enabled the police and her partners to do. Imagine if we took all of the items I have mentioned out of the security equation! Imagine if we just let them depreciate!

**LAGOS STATE SECURITY TRUST FUND  
REPORT OF THE BOARD OF TRUSTEES (Cont'd)  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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Anyone involved in security will tell you: the rate of attrition on items, kits, uniforms, equipment, vehicles and men is extremely high especially in this steamy tropical climate. The only solution is to have a properly defined and properly resourced support strategy that maintains and replaces and adds capacity to the system where the need arises. And these needs are constant and that makes the process extremely expensive though delivering good value.

**Conclusion**

In concluding, let me inform this respected House, as I did last year, that the Lagos State Security Trust Fund model was discussed and endorsed as a viable model for local support of security agencies at the full plenary of the 12th United Nations Congress on Crime Prevention and Criminal Justice held in Salvador de Bahia, Brazil in 2010. And since the last Town Hall Meeting seven states have approached the Fund for consultancy/advice on setting up their own security trust funds and three states have actually established such funds. This underscores the fact that there is a general acknowledgement that for now, states and their citizens will have to make some sacrifices if they are going to expect effective security responses from the men of the security agencies. I therefore, while thanking those companies and agencies and individuals who have consistently supported the Fund over the past four years, appeal to those yet to invest to do so. It is a noble cause to invest in the general safety of the citizens, especially those, in the majority who have no recourse to VIP guards and convoys, though truth be said, if such people are faced with real danger it is doubtful if those VIP guards will lay down their lives for them. On the other hand, many police officers and military men have lain down their lives over the years in defence of the ordinary citizen. Please support them. It is through this support that we can improve our general quality of life and create what is the ultimate definition of security. "the relative absence of fear".

**Auditors**

In accordance with the Lagos State Security Trust Fund Law, the Fund's auditors, Messrs PricewaterhouseCoopers have indicated their willingness to continue in office as auditors of the Fund.

  
**Fola Arthur-Worrey**  
**Executive Secretary/CEO**  
**For: Chairman and Members of the Board of Trustees**  
**Lagos State Security Trust Fund**

**14 November 2011**



**LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**TRUSTEES' RESPONSIBILITIES**

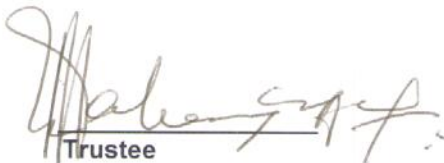
The Lagos State Security Trust Fund Law requires the Trustees to prepare financial statements for each financial period that give a true and fair view of the state of financial affairs of the Fund at the end of the period and of its revenues and expenses. This responsibility includes:

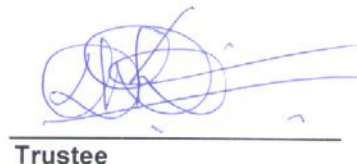
- a.) Ensuring that the Fund keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund and complies with the requirements of the Lagos State Security Trust Fund Law;
- b.) Designing, implementing and maintaining internal control relevant to the preparation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

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

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

  
Trustee

  
Trustee

**Dated: 14 November 2011**



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

### Report on the financial statements

We have audited the financial statements of Lagos State Security Trust Fund which comprise the balance sheet as of 31 December 2010, statement of revenues and expenses account, and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Trustees' responsibility for the financial statements*

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Lagos State Security Trust Fund Law. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

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

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

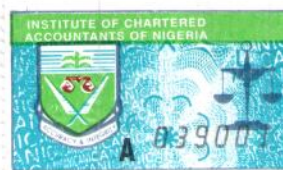
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion the accompanying financial statements give a true and fair view of the state of the Fund's financial affairs at 31 December 2010 and of the excess of revenues and expenses and cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and the requirements of the Lagos State Security Trust Fund Law.



Chartered Accountants  
Lagos, Nigeria

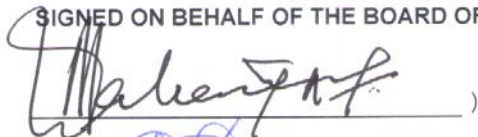



14 November 2011

**LAGOS STATE SECURITY TRUST FUND  
BALANCE SHEET AS AT 31 DECEMBER 2010  
FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 N	2009 N
<b>Assets</b>			
Cash at bank	2	142,298,424	8,592,810
Short term deposits	3	41,867,864	87,905,248
Accounts receivable	4	111,172,364	7,661,781
Inventories	5	<u>4,522,000</u>	<u>18,594,000</u>
<b>Total current assets</b>		299,860,652	122,753,838
Property, plant and equipment	6	<u>10,246,625</u>	<u>5,930,425</u>
<b>Total assets</b>		310,107,277	128,684,263
<b>Current liabilities</b>			
Creditors and accruals	7	<u>17,091,350</u>	<u>8,856,773</u>
<b>Net assets</b>		<u>293,015,927</u>	<u>119,827,490</u>
<b>General funds</b>	8	<u>293,015,927</u>	<u>119,827,490</u>

SIGNED ON BEHALF OF THE BOARD OF TRUSTEES BY:

  
 \_\_\_\_\_ )  
  
 \_\_\_\_\_ ) Trustees

Approved by the Board of Trustees on 14 November 2011

*The accounting policies on page 12 and notes on pages 13 to 19 form an integral part of these financial*

**LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF REVENUES AND EXPENSES  
FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 N	2009 N
<b>Revenues</b>			
<b>Donations in cash</b>			
From political officers and government agencies	9	7,750,000	-
From private bodies	10	280,727,642	183,480,430
<b>Donations in kind</b>			
From Lagos State Government, Local Government Areas and Local Council Development Areas	11	865,136,131	834,856,641
From private bodies	12	121,245,127	78,040,000
<b>Interest income</b>		3,746,665	27,274,428
<b>Total revenues</b>		<u>1,278,605,565</u>	<u>1,123,651,499</u>
<b>Expenses</b>			
<b>Support to security agencies</b>	13	(1,065,315,520)	(1,405,035,505)
<b>Administrative expenses</b>	14	(39,660,926)	(57,818,056)
<b>Bank charges</b>		(440,682)	(2,017,077)
<b>Total expenses</b>		<u>(1,105,417,128)</u>	<u>(1,464,870,638)</u>
<b>Excess/ (deficit) of revenue over expenses</b>		<u>173,188,437</u>	<u>(341,219,138)</u>

*The accounting policies on page 12 and notes on pages 13 to 19 form an integral part of these financial*

LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF CASH FLOWS  
FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 N	2009 N
<b>Cash flow from operating activities</b>			
Excess/(Deficit) of revenues over expenses		173,188,437	(341,219,138)
<b>Adjustment for non-cash items</b>			
Depreciation	6	3,683,800	2,214,050
Impairment provision		-	141,000
Decrease/(Increase) in inventories		14,072,000	2,716,000
Donated property, plant and equipment	6	(8,000,000)	(240,000)
<b>Changes in working capital</b>			
(Increase)/Decrease in prepayment	4	5,229,417	5,316,188
Increase/(Decrease) in creditors and accruals	7	8,234,576	1,521,772
Decrease/(Increase) in receivable from pledged donations	4	(108,740,000)	40,000,000
<b>Net cash received from operations</b>		87,668,230	(289,550,128)
<b>Cash flow from investing activities</b>			
Acquisition of property, plant and equipment		-	(340,000)
<b>Movement in cash and cash equivalent</b>		87,668,230	(289,890,128)
<b>At start of the year</b>		96,498,058	386,388,186
<b>Increase/(Decrease)</b>		87,668,230	(289,890,128)
<b>At end of the year</b>		<b>184,166,288</b>	<b>96,498,058</b>

*The accounting policies on page 12 and notes on pages 13 to 19 form an integral part of the financial*

**LAGOS STATE SECURITY TRUST FUND  
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES  
FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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**(a) Basis of preparation**

The financial statements are prepared on a modified cash basis under the historical cost convention and in accordance with applicable standards.

**(b) Revenue recognition**

Cash donations are recognised as revenue when cash is received or when pledges are certain to be redeemed. Donations in kind are valued at market value or reasonable estimates.

**(c) Property, plant and equipment**

Property, plant and equipment are shown at acquisition cost less accumulated depreciation. Acquisition cost represents the purchase price of the item plus freight, insurance and handling charges, or the fair market value for donated items.

**(d) Depreciation**

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their estimated useful lives, at the following annual rates:

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

**(e) Expenses**

All expenses are accounted for when incurred or obligated, whether or not cash has been paid, and have been classified under headings that aggregate all costs of similar nature. Expenditure is recognised:

- when goods or services are received
- when cash is paid in advance to project contractors

**(f) Investments**

Investments comprise term deposits placed with banks and are stated at the lower of cost or net realisable value.

**(g) Inventories**

Inventories consist of items received from donors, not yet distributed to approved security agencies.

**(h) Accounts receivable**

Accounts receivable consist of pledges made by donors which have not been redeemed at year end. These are stated after deduction of specific provisions made for pledges considered doubtful of recovery.

**LAGOS STATE SECURITY TRUST FUND  
NOTES TO THE FINANCIAL STATEMENTS  
FINANCIAL REPORTS FOR THE YEAR ENDED 31 DECEMBER 2010**

**1 The Fund**

The Lagos State Security Trust Fund was established in 2007 under the Lagos State Act 2007. The objectives of the Trust Fund are to raise money through voluntary subscriptions and donations from all interested Government agencies, private organizations and individuals. The money thus raised is to be used for the acquisition and deployment of security equipment and such 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 and part of the fund shall be reserved for the training and retraining of the security personnel.

**2 Cash at Bank**

	2010 N	2009 N
Zenith International Bank Plc	134,095,765	1,011,257
Sterling Bank Plc	862,358	2,884,513
First Bank of Nigeria Plc	3,587,010	50,012
Afribank Nigeria Plc	833,503	4,512,710
Spring Bank Plc	2,730,175	-
Skye Bank Plc	189,613	134,318
	<b><u>142,298,424</u></b>	<b><u>8,592,810</u></b>

**3 Short term deposits**

Zenith International Bank Plc (fixed deposit)	2,137,525	27,000,000
Sterling Bank Plc (fixed deposit)	4,157,090	3,957,465
First Bank of Nigeria Plc (fixed deposit)	35,573,249	56,947,783
	<b><u>41,867,864</u></b>	<b><u>87,905,248</u></b>

**4 Accounts receivables**

Pledged donations (Note 15)	108,740,000	-
Prepaid office partitioning and remodelling	1,408,094	4,224,281
Prepaid office rent	1,024,270	3,437,500
	<b><u>111,172,364</u></b>	<b><u>7,661,781</u></b>

**5 Inventories (at market value)**

	2010 N
Bullet proof vests	600,000
Walkie Talkies	1,200,000
Monitors (HP)	60,000
CPU (HP)	60,000
Laptops (Zinox)	240,000
Solar rechargeable lights	532,000
Smart phones	1,800,000
Kenwood remote microphones	30,000
	<b><u>4,522,000</u></b>

Inventory consists of items received from donors not yet distributed to approved security agencies.

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**6 Property, plant and equipment**

	Office furniture & equipment	Computer equipment	Motor vehicles	Total
	N	N	N	N
<b>Cost</b>				
At 1 January 2010	2,074,599	820,000	5,895,000	8,789,599
Additions during the period	-	-	8,000,000	8,000,000
Disposals	-	-	-	-
At 31 December 2010	<u>2,074,599</u>	<u>820,000</u>	<u>13,895,000</u>	<u>16,789,599</u>
<b>Depreciation</b>				
At 1 January 2010	777,974	382,450	1,698,750	2,859,174
Charge for the year	518,650	191,400	2,973,750	3,683,800
Provision for asset impairment	-	-	-	-
At 31 December 2010	<u>1,296,624</u>	<u>573,850</u>	<u>4,672,500</u>	<u>6,542,974</u>
<b>Net Book Value</b>				
At 31 December 2010	<u>777,975</u>	<u>246,150</u>	<u>9,222,500</u>	<u>10,246,625</u>
At 31 December 2009	<u>1,296,625</u>	<u>437,550</u>	<u>4,196,250</u>	<u>5,930,425</u>

**7 Creditors and accruals**

	2010 N	2009 N
Audit fees	8,023,500	7,380,000
Other accruals	9,067,850	1,476,773
	<u>17,091,350</u>	<u>8,856,773</u>

**8 General funds**

Fund balance as at 1 January	119,827,490	461,046,628
Excess/ (deficit) of revenues over expenses	173,188,437	(341,219,138)
Total funds as at 31 December	<u>293,015,927</u>	<u>119,827,490</u>

**9 Cash donations from political officers and government agencies**

Donors	2010 N
Conference of LGs and LCDAs	5,700,000
Senator Tony Adefuye	1,000,000
Mr. Adesegun Ogunleye	1,000,000
Senator H. A. B. Fasinro	50,000
	<u>7,750,000</u>



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**10 Cash donations from Private Bodies**

<b>Donors</b>	<b>2010 N</b>
MTN Nigeria Communication Ltd.	150,000,000
Zenith Bank Plc.	50,000,000
Mr. Kehinde Durosinmi-Etti	50,000,000
Seven-Up Bottling Company	10,000,000
Total E&P Nigeria Ltd.	7,000,000
Jubaili Bros	1,500,000
Lekki Concession Company	1,000,000
De Tastee Fried Chicken Ltd.	1,000,000
Cosmic Ins. Brokers Ltd	1,000,000
Elektrint Nig. Ltd	1,000,000
De Tastee Fried Chicken Nig. Ltd	1,000,000
Vic-Abi Productions Ltd	1,000,000
Association Of Fast Food Confectioneers. of Nig.	1,000,000
Air France	500,000
Mr. M. A. K. Smith, CFR IG (Rtd)	500,000
Lagos State Taxi Drivers Association	500,000
Medexia Nig. Ltd	250,000
Ikad Nig. Ltd	250,000
Ecad Architects	250,000
FS Club	250,000
Mr. Abiodun Adeoye	250,000
Lekki Phase 1 Resident Association	250,000
Mrs. Kofo Laja-Olugbesan	200,000
Alhaji Mutiu Are	100,000
Christ Apostolic Church	100,000
Rear Admiral A. O. Oni	100,000
Mr. Moyo Ajekigbe	100,000
C-Way Ltd	100,000
Paragon Investment Management Ltd.	100,000
Major Babatunde Panox	100,000
CJ Ifesco Motors Nig	50,000
Biyi Durojaiye & Co.	50,000
TBWA/Concept	50,000
Mr. Okey I. Okafor	50,000
Mustard Insurance Brokers	30,000
Olubunmi Olukemi Oketikun	25,000
Intellibest International Ltd	20,000
Shalom Kliffon Secondary School	20,000
International Institute of Professional Security	20,000
Chairman, Shade the Star Organisation	20,000
National Association of Private Proprietors of Schools	368,505
Proceeds from donation boxes	624,137
	<b><u>280,727,642</u></b>

**11 Donations in kind from Lagos State Government, LGAs and LCDAs (at market value)**

<b>Donors</b>	<b>Donations</b>	
Conference of LGs and LCDAs	10 armoured personnel carriers	515,000,000
Lagos State Government	Fuel supply (PMS and AGO)	350,136,131
		<b><u>865,136,131</u></b>

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**12 Donations in kind from private bodies (at market value)**

<b>Donors</b>	<b>Donations</b>	<b>2010 N</b>
OANDO Plc	Bi-monthly supply of 11,000 liters of AGO & PMS	40,813,127
Chief Rasaq Okoya	Nine (9) Ford Ranger pickup vans	40,000,000
MRS Oil	2 Prado Land Cruisers	16,000,000
NLNG	4 650cc Authority bikes	10,000,000
Fidelity Bank Plc	30 units of Level IV Bullet proof vests and 22 units of Kenwood Walkie-talkies	6,240,000
People's Republic of China	10 Jincheng 250cc police motorbikes	4,000,000
Boulos Enterprises	10 Jincheng 250cc police motorbikes	4,000,000
Alhaji Fulani Kwajafa CP (Rtd)	6 rechargeable solar search lights	192,000
<b>Total</b>		<b><u>121,245,127</u></b>

**13 Support to Security Agencies**

	<b>2010 N</b>	<b>2009 N</b>
Distribution of donated vehicles, equipment and supplies (Note 13b)	977,799,258	963,106,641
Vehicles, equipment and supplies (Note 13b)	76,843,800	416,127,479
Repairs and branding (Note 13c)	10,672,462	23,676,385
Training and allowances to security agencies	-	2,125,000
	<b><u>1,065,315,520</u></b>	<b><u>1,405,035,505</u></b>

**13a Distribution of donated vehicles, equipment and supplies (at market value)**

<b>Beneficiaries</b>	<b>Items donated</b>	<b>2010 N</b>
Lagos State Police Command	11,000 liters of AGO & PMS - January to December 2010 (Bi-monthly supply)	40,813,127
	9 Ford Ranger pickup vans	40,000,000
	Prado Land Cruiser	8,000,000
	1 Nissan Tida saloon car fitted with base radio sets	2,850,000
	15 units of Level IV Bullet proof vests	1,800,000
Lagos State Rapid Response Squad	10 Armoured Personnel Carriers	515,000,000
	Fuel (PMS and AGO) supply	350,136,131
	4 650cc Authority bikes	10,000,000
	10 Jincheng 250cc Police motorbikes	4,000,000
	10 Jincheng 250cc Police motorbikes	4,000,000
	10 units of Kenwood Walkie-talkies	1,200,000
		<b><u>977,799,258</u></b>

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**13b Vehicles, equipment and supplies**

<b>Beneficiaries</b>	<b>Description</b>	<b>2010 N</b>
Call Centre	Management and technical support for the "767" & "112" 24hr toll-free Emergency Call Centre	26,900,000
	Fuel (AGO) supply	4,265,000
Special Anti Terrorist Squad	10 motor vehicles tyres	195,000
Lagos State Police Command	2 Toyota Hilux pick up vans	9,145,000
	Gunshot trauma/ medical treatment kit	7,884,000
	29 rolls of Nigeria police uniform - charcoal black	2,500,000
	Medical bill for wounded police officer	799,200
	Communication equipment for the expansion of the police network	600,000
	Construction of back cabins for 2 Toyota Hilux pick-up vans	210,000
Lagos State Rapid Response Squad	Supply of 300 tyres and 125 batteries for RRS Patrol vehicles	6,245,000
	Service parts for RRS Patrol vehicles	5,569,600
	4 sets of motorcycles revolving lights, with siren base radio sets	912,000
	25 units of solar rechargeable light	800,000
	10 Kenwood remote microphone extensions	60,000
OP MESA	1 Toyota Hilux pick-up van	4,600,000
	80 tyres for patrol vehicles	1,604,000
	1 base radio & security bar light with siren for Toyota Hillux pick-up van	270,000
	2 base radios for 2 Toyota Hilux pick-up vans	260,000
	Construction of back cabin on Toyota Hillux pick-up van for pipeline patrol team	105,000
State Security Service (SSS)	60KVA generating set	2,880,000
	Relocation of the SSS repeater from NITEL building	1,040,000
		<b>76,843,800</b>
<b>13c Repairs and branding</b>		
Lagos State Police Command	Repair of 3 APCs	627,132
Lagos State Rapid Response Squad	Repair and servicing of RRS vehicles and motorbikes	9,566,730
	Service of 200kva generator	83,600
	Branding of 10 250cc Police motor bikes	50,000
OP MESA	Repair of one Toyota Hillux patrol vehicle	265,000
	Branding of operational vehicle	80,000
		<b>10,672,462</b>

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<b>14 Administrative expenses</b>	<b>2010 N</b>
Audit fees	8,023,500
Provision for pledges not redeemed (Note 15)	7,540,000
Rent expense for Lagos Security Trust Fund office space	5,316,188
Staff allowances and salaries (Note 16)	4,770,000
4th town hall meeting on security expenses	4,620,980
Depreciation of property, plant and equipment	3,683,800
General office expenses	2,310,000
Service charge for office space	1,816,458
Other office maintenance expense	1,055,000
Trustees' allowance (Note 16)	450,000
Renewal of website domain	75,000
	<u>39,660,926</u>

**15 Pledged donations**

Pledges were made during the 4th Town Hall meeting in November 2010. As at 31 December 2010, pledge donations of N116,280,000 had not been redeemed. The following pledges were redeemed in 2011.

**Donors**

Zenith Bank Plc.	50,000,000
Mr. Kehinde Durosinmi-Etti	50,000,000
Fidelity Bank Plc (Donation-in-kind)	6,240,000
Mr. Adesegun Ogunleye	1,000,000
Lagos State Taxi Drivers Association	500,000
Mr. Abiodun Adeoye	250,000
Lekki Phase 1 Resident Association	250,000
FS Club	250,000
Rear Admiral A. O. Oni	100,000
Major Babatunde Panox	100,000
Mr. Okey I. Okafor	50,000
	<u>108,740,000</u>

The following pledges had not been redeemed as of October 2011

**Donors**

Conference of LGs and LCDAs	5,700,000
Senator Tony Adefuye	1,000,000
Mr. M. A. K. Smith, CFR IG (Rtd)	500,000
Mrs. Kofo Laja-Olugbesan	200,000
Alhaji Mutiu Are	100,000
International Institute of Professional Security	20,000
Chairman, Shade the Star Organisation	20,000
	<u>7,540,000</u>

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**16 Employee emoluments and Board of Trustees fees**

The Fund had five employees (including the Executive Secretary) of its own during the period. The total monthly emoluments for the employees (excluding the Executive Secretary) is N140,000. The members of the Board of Trustees each receives N50,000 as sitting allowance, while the Executive Secretary of the Fund receives monthly allowance of N250,000.

**Employees' remuneration**

	2010 N	2009 N
Staff costs for the above persons:		
Wages and salaries	4,770,000	5,870,000

The number of employees of the Fund, including the Executive Secretary who earned salaries in the year in the following range was:

N	Less than	N	2010 Number	2009 Number
100,001	-	100,000	-	1
250,001	-	250,000	-	2
500,001	-	500,000	2	1
1,000,001	and	1,000,000 above	2	-
			1	1
			<u>5</u>	<u>5</u>

**Trustees' remuneration**

	2010 N	2009 N
The remuneration paid to the Trustees of the Fund was:		
Fees	450,000	1,550,000
Other emoluments	-	-
	<u>450,000</u>	<u>1,550,000</u>

Fees and other emoluments disclosed above include amounts paid to:

The Chairman	-	-
The highest paid Trustee	<u>150,000</u>	<u>450,000</u>

The number of Trustees, including the chairman and the highest-paid Trustee (excluding the Executive Secretary)

N	No allowance	N	2010 Number	2009 Number
100,000	-	300,000	4	3
300,001	-	400,000	3	-
400,001	-	500,000	-	3
			-	1
			<u>7</u>	<u>7</u>