



**Financial Reporting Council of Nigeria**  
*Federal Ministry of Industry, Trade & Investment*

**Annual Report & Accounts**  
Year Ended 31 December **2018**

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## Corporate information

<b>Vision</b>	- To be the conscience of regulatory assurance in financial reporting and corporate governance in Nigeria.
<b>Mission</b>	- To bring utmost confidence to investors, reputation to oversight and ensure quality in accounting, auditing, valuation, actuarial and corporate governance standards and non-financial reporting issues.
<b>Directors</b>	
Chairman	- Adedotun Sulaiman, MFR, Mr
Chief Executive	- Daniel Asapokhai, Mr
Non-Executive	- Adedapo Adekoje, Mr
"	- Adedapo Adeleke, Mr <i>Resigned 19 July 2018</i>
"	- Owolo Adewale, Mr
"	- Onome Adewuyi, Mrs
"	- Abiodun Aina, Mr
"	- Dayo Arowosegbe, Mr <i>Resigned 2 March 2019</i>
"	- Suleiman Aruwa, Prof.
"	- Tinuade Awe, Ms
"	- Shamsudeen Bello, Mr
"	- Mohammed Datti, Mr <i>Resigned 10 March 2019</i>
"	- Musa Fodio, Prof.
"	- Sani Garba, Mr
"	- Moses Ibiloye, Mr
"	- Chukwuemeka Ifezulike, Mr
"	- Meshack Ifurueze, Prof.
"	- Zacchaues Odeleye, Mr
"	- Edward Okolo, Mr <i>Resigned 13 April 2018</i>
"	- George Onekhena, Mr <i>Resigned 31 March 2019</i>
"	- Ahmad Rabiu, Alhaji
"	- Oyebowale Raji, Mr
"	- Muniru Wambai, Mr
<b>Address</b>	- 4th Floor, LCCI Exhibition & Conference Centre Plot 10, Nurudeen Olowopopo Drive Central Business District, Alausa, Ikeja, Lagos
<b>Website</b>	- <a href="http://www.financialreportingcouncil.gov.ng">http://www.financialreportingcouncil.gov.ng</a>
<b>Auditor</b>	- PKF Professional Services 205A Obanikoro Lagos

## Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2018.

### 1. Legal form

The Financial Reporting Council of Nigeria (FRC) was established in June 2011 by the Financial Reporting Council of Nigeria Act. The Council is a regulatory agency of the Federal Government of Nigeria, supervised by the Federal Ministry of Industry, Trade and Investment.

### 2. Principal activity

The principal activity of the Council is the establishment of, and enforcement of compliance with, standards in financial reporting and corporate governance to enhance the investment climate and promote economic growth.

### 3. Operating results

The financial performance for the year is as follows:

	2018	2017
	NGN	NGN
Subvention from government	50,144,883	-
Internally generated revenue (IGR)	836,352,581	847,775,136
Donations and other income	18,915,178	15,347,197
	<u>905,412,642</u>	<u>863,122,333</u>
Gross income	905,412,642	863,122,333
Technical and administrative expenses	(768,843,588)	(591,886,125)
Other comprehensive income, net of tax	47,134,353	17,838,764
	<u>183,703,407</u>	<u>289,074,972</u>
Surplus/(deficit) for the year	<u>183,703,407</u>	<u>289,074,972</u>
<i>Appropriated as follows:</i>		
Consolidated Revenue Fund	95,065,008	518,721,846
Accumulated Fund	88,638,399	(229,646,874)
	<u>183,703,407</u>	<u>289,074,972</u>

### 4. Directors

The directors who served during the year are as follows:

- 1 Adedotun Sulaiman, *Mr* - Chairman
- 2 Daniel Asapokhai, *Mr* - Executive Secretary/CEO
- 3 Adedapo Adekoje, *Mr*
- 4 Adedapo Adeleke, *Mr* - Resigned 19 July 2018
- 5 Owolo Adewale, *Mr*
- 6 Onome Adewuyi, *Mrs*
- 7 Abiodun Aina, *Mr*
- 8 Dayo Arowosegbe, *Mr* - Resigned 2 March 2019
- 9 Suleiman Aruwa, *Prof.*
- 10 Tinuade Awe, *Ms*
- 11 Shamsudeen Bello, *Mr*
- 12 Mohammed Datti, *Mr* - Resigned 10 March 2019
- 13 Musa Fodio, *Prof.*
- 14 Sani Garba, *Mr*
- 15 Moses Ibiloye, *Mr*

## Report of the Directors (continued)

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### 4. Directors (continued)

16 Chukwuemeka Ifezulike, Mr	-	
17 Meshack Ifurueze, Prof.	-	
18 Zacchaues Odeleye, Mr	-	
19 Edward Okolo, Mr	-	Resigned 13 April 2018
20 George Onekhena, Mr	-	Resigned 31 March 2019
21 Ahmad Rabiou, Mr	-	
22 Oyebowale Raji, Mr	-	
23 Muniru Wambai, Mr	-	

### 5. Staff development, health and safety

The Council is committed to keeping staff abreast of developments in industry, financial reporting and corporate governance as well as in the professions. During the year, the Council utilised the services of several providers for in-house and external training courses for all categories of staff. Council places a premium on the well-being and safety of staff in the workplace and accordingly, provides insurance plans for access to medical facilities by employees and their families.

### 6. Governance

The Council is governed by its 23-member Board that meets quarterly, with any additional number of special meetings convened as required. The Board decides on policy matters and directs the general affairs of the Council, agreeing strategy and monitoring priorities and execution by management. Committees of the Board also meet regularly in line with their respective charters, to further the Board's agenda. The five Committees of the

*i. Technical and Oversight Committee (TOC):* which supports the Board in fulfilling its responsibility to oversee the setting and enforcement of standards of financial reporting and corporate governance.

*ii. Finance and General Purpose Committee:* which supports the Board in overseeing the Council's financial strategy and performance.

*iii. Audit Committee:* which support the Board in fulfilling its oversight responsibilities for the monitoring of the Council's accounting; financial reporting; internal control processes and related policies and procedures; identifying and managing risks; and audit of the Council's financial statements.

*iv. Funding and Institutional Sustainability Committee:* which supports the Board in working to achieve financial sustainability for the Council by ensuring that the funding model is fit-for-purpose, and that the Council has viable sources from which to secure the funds required for its annual operations into the foreseeable future.

*v. Corporate Governance Committee:* which supports the Board in ensuring good corporate governance practices in Nigerian. The Committee is also tasked with ensuring that individual Board members have the skills and competencies to perform their roles and thereby ensure exemplary corporate governance by the Council.

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## Report of the Directors (continued)

### 7. Responsibility in Relation to the Financial Statements

The Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act require the directors to prepare financial statements for each financial year that give a true and fair view of the state of the financial affairs of the Council at the end of the year and of its surplus or deficit. The responsibilities include ensuring that the Council:

- i) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Council and comply with the requirements of the Companies and Allied Matters Act;
- ii) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

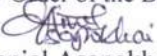
The directors further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as an adequate systems of internal control.

Nothing has come to the attention of the directors to indicate that the Council will not remain a going concern for at least twelve months from the date of issuance of these financial statements.

### 8. Auditor

PKF Professional Services have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act.

By Order of the Board

  
Daniel Asapokhai

Executive Secretary/ CEO

FRC/2013/ICAN/0000000946

15 October 2019

## ***Report of the Audit Committee***

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In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, we confirm that the accounting and reporting policies of the Council are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31 December 2018 were adequate and we have received the auditors' findings and are satisfied with management's responses thereon.



*Chairman, Audit Committee\**

8 August 2019

Dated

### **Members of the Committee:**

1. Owolo Adewale, *Mr* \*
2. Sani Garba, *Mr*
3. Chukwuemeka Ifezulike, *Mr*
4. Meshack Ifurueze, *Prof.*
5. Zacchaues Odeleye, *Mr*
6. Ahmad Rabiu, *Mr*

**Independent Auditor's Report****To the members of Financial Reporting Council of Nigeria****Opinion**

We have audited the financial statements of Financial Reporting Council of Nigeria, which comprise the statement of financial position at 31 December 2018, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Financial Reporting Council of Nigeria at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

**Basis for 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 Council in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our performing the audit of the financial statements of Financial Reporting Council of Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other matter**

The financial statement of Financial Reporting Council of Nigeria for the year ended 31 December, 2017 were audited by another who expressed an unmodified opinion on those statements on 5 October, 2018.

**Other Information**

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Directors' Responsibilities, and the Audit Committee's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express 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.

Based on the work we have performed, we conclude that there is no material misstatement of this other information we are required to report on. We have nothing to report in this regard.

**Responsibilities of the Directors and Those Charged with Governance for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004, and for such internal control as the directors 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 directors are responsible for assessing the Council'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 directors either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

**Auditor's 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 auditor's 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 judgment 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's 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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Council 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.

We communicate with those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Olatunji Ogundeyin.

Olatunji Ogundeyin, FCA

FRC/2013/ICAN/02224

For: PKF Professional Services

Chartered Accountants

Lagos, Nigeria

Dated: 8 August 2019



## Statement of surplus or deficit and other comprehensive income

Year ended 31 December 2018

	Note	2018 NGN	2017 NGN
<b>Revenue</b>			
Government subvention	6	50,144,883	-
Internally generated revenue	7	836,352,581	847,775,136
Donations and grant income	8	10,448,458	9,110,000
Other income	9	8,466,720	6,237,197
		<u>905,412,642</u>	<u>863,122,333</u>
<b>Expenditure</b>			
Technical expenses	10	(116,145,585)	(19,663,630)
Administrative expenses	11	(652,698,003)	(572,222,495)
		<u>(768,843,588)</u>	<u>(591,886,125)</u>
<b>Operating surplus/(deficit) for the year</b>		136,569,054	271,236,208
<b>Other comprehensive income</b>			
Actuarial gains and losses	26	47,134,353	17,838,764
<b>Total comprehensive income for the year</b>		<u>183,703,407</u>	<u>289,074,972</u>
<b>Total comprehensive income for the year is appropriated as follows:</b>			
Payable to FGN's Consolidated Revenue Fund	19	95,065,008	518,721,846
Transferred to Council's General Reserve Fund	18	88,638,399	(229,646,874)
		<u>183,703,407</u>	<u>289,074,972</u>


The accompanying notes are an integral part of these financial statements.

## Statement of financial position


As at 31 December 2018

	Note	2018 NGN	2017 NGN
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	177,302,673	92,917,239
Accounts receivable	14	16,955,630	4,795,000
Restricted bank balances	17	928,922,854	928,922,854
		<u>1,123,181,157</u>	<u>1,026,635,093</u>
<b>Current assets</b>			
Accounts receivable	14	59,421,094	20,501,668
Prepaid rent and rates	16	6,989,840	38,713,341
Bank balances	17	319,565,513	458,633,553
		<u>385,976,447</u>	<u>517,848,562</u>
<b>Total assets</b>		<u><u>1,509,157,604</u></u>	<u><u>1,544,483,655</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
General reserve fund	18	125,361,209	36,722,810
Building fund		-	-
		<u>125,361,209</u>	<u>36,722,810</u>
<b>Non-current liabilities</b>			
IFRS Academy grant	27	928,922,854	928,922,854
Retirement benefit obligation	26	339,434,526	321,054,896
		<u>1,268,357,380</u>	<u>1,249,977,750</u>
<b>Current liabilities</b>			
Payable to Consolidated Revenue Fund	19	95,064,745	241,157,017
Retirement benefit obligation	26	3,858,030	-
Accounts payable	20	16,516,240	16,626,078
		<u>115,439,015</u>	<u>257,783,095</u>
<b>Total equity and liabilities</b>		<u><u>1,509,157,604</u></u>	<u><u>1,544,483,655</u></u>

Approved by the Board on the 15th day of October 2019 and signed on its behalf by:

  
Adedotun Sulaiman, MFR  
Chairman  
FRC/2013/ICAN/00000002885

  
Daniel Asapokhai  
Executive Secretary/CEO  
FRC/2013/ICAN/00000000946

  
Ibrahim Abubakar  
Chief Financial Officer  
FRC/2012/ANAN/00000000563

**Statement of changes in equity**  
 Year ended 31 December 2018

	Note	2018 NGN	2017 NGN
<b>General reserve fund</b>			
At 1 January		36,722,810	266,369,684
Transfer from surplus or deficit and other comprehensive income		<u>88,638,399</u>	<u>(229,646,874)</u>
<b>At 31 December</b>	18	<u><u>125,361,209</u></u>	<u><u>36,722,810</u></u>

*The accompanying notes are an integral part of these financial statements.*

## Statement of Cash flows

Year ended 31 December 2018

	Note	2018 NGN	2017 NGN
<b>Operating activities</b>			
Net cash from/(used in) operating activities	21	<u>208,131,240</u>	<u>387,579,817</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	15	<u>(106,042,000)</u>	<u>(1,168,275)</u>
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>702,756</u>
Net cash used in investing activities		<u>(106,042,000)</u>	<u>(465,519)</u>
<b>Financing activities</b>			
Transfers to government - consolidated revenue fund		<u>(241,157,280)</u>	<u>(526,381,678)</u>
Donations received and related investment income		<u>-</u>	<u>77,377,701</u>
Net cash used in financing activities		<u>(241,157,280)</u>	<u>(449,003,977)</u>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		<u>1,387,556,407</u>	<u>1,449,446,086</u>
Cash and cash equivalents at 31 December	17	<u><u>1,248,488,367</u></u>	<u><u>1,387,556,407</u></u>

The accompanying notes are an integral part of these financial statements.

## **Notes to the financial statements**

Year ended 31 December 2018

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### **1 The Council**

The Financial Reporting Council of Nigeria ("FRC" / "the Council") is a regulatory agency of the Federal Government of Nigeria. The Council was established by the Financial Reporting Council of Nigeria Act of 2011 and is supervised by the Federal Ministry of Industry, Trade and Investment.

The principal activities of the Council are (i) developing and publishing corporate governance and financial reporting standards to be observed by public interest entities in Nigeria, and (ii) monitoring and enforcement of compliance with those standards. All activities of the Council are performed in the public interest with the objectives being to:

- a) Protect the interest of investors and other stakeholders;
- b) Give guidance on issues relating to financial reporting and corporate governance;
- c) Ensure good corporate governance practices in the public and private sectors of the Nigerian economy;
- d) Ensure accuracy and reliability of financial reports and disclosures, pursuant to various laws and regulations, and
- e) Harmonize activities of professional and regulatory bodies relating to corporate governance and financial reporting.

### **2 Basis of preparation**

#### *2.1 Compliance with International Financial Reporting Standards (IFRS)*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as issued by the International Accounting Standards Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act.

#### *2.2 Basis of measurement*

The financial statements have been prepared on the historical cost basis save for certain financial assets and liabilities which are measured at fair value, and loans and receivables measured at amortised cost.

#### *2.3 Functional and presentation currency*

The financial statements are presented in Nigerian Naira, which is also the functional currency of the Council.

### **3 New and revised financial reporting standards**

There are no new or revised standards that have been issued but not yet effective as of the date of issuance of these financial statements that are expected to have a material effect on the financial statements when they become effective or when they are adopted by the Council.

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## Notes to the financial statements

Year ended 31 December 2018

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### 4 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### 4.01 Revenue

Revenue from services rendered is recognised in the statement of surplus or deficit and other comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The principal revenue sources of the Council are as follows:

*i Annual levies and subscriptions*

Annual levies are payable by registered professionals, quoted companies, public interest and other entities as required by Section 33 of the Financial Reporting Council Act. Subscriptions payable annually by member organisations of the Council as defined in Section 2 of the Act. Levies and subscriptions that can be reasonably determined are recognised in the period receivable.

*ii Budgetary Allocations and Subventions*

Budgetary allocations and subventions from government are accounted for on receipt.

*iii Fines and Penalties*

Fines and penalties are sanctions imposed by the Council and are recognised on issuance.

*iv Fees from services rendered*

The Council's services include consultancy services, training through workshops, seminars and conferences.

*v Grants*

Grants include gifts and donations which are voluntary transfer of economic resources by persons and/or entities, public or private, to the Council without any compensation.

Grant revenue may be restricted or unrestricted. Restricted grant revenue arises from a transfer of resources to the Council in return for past or future compliance relating to its operating activities. Unrestricted grant revenue arises from the unconditional transfer of cash or other assets to the Council.

Cash grants are recorded at the face value of the cash received. Grant revenue, including non-monetary grants at fair value, is not recognised until there is reasonable assurance that the Council will comply with the conditions attaching to them and the grants will be received. Grants are recognised as revenue over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Grants relating to assets, including non-monetary grants at fair value are presented in the Statement of Financial Position by setting up the grant as deferred revenue (and recognising the revenue on a systematic and rational basis over the life of the asset). Grants-in-kind are recorded at the fair value of the assets (or services) received or promised, or the fair value of the liabilities satisfied.

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## Notes to the financial statements

Year ended 31 December 2018

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### 4.02 Foreign currency translation

Transactions in foreign currencies are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. The gain or loss on translation of non-monetary items measured at fair value is treated similar to changes in the fair value of the items.

### 4.03 Employee benefits

#### *i Retirement benefits*

The Council operates a defined contribution retirement benefit scheme for staff, in accordance with the Pension Reform Act, with employees contributing 8% of their relevant emoluments and the Council as employer, making a matching 10% contribution. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the periods during which services are rendered by employees.

In addition, Council operates a defined benefit plan under which qualified employees are entitled to a lump-sum gratuity payment as provided in the Staff Conditions of Service. The liability under this scheme is determined using the projected unit credit method. Actuarial gains and losses for this benefit are recognised in full in the period they arise, in other comprehensive income. Such actuarial gains and losses are also immediately recognised in accumulated surplus and are not reclassified into the income statement in subsequent periods. The Council engaged Giants Consultants Limited (Odulana Femi Odotola FRCN/2013/NAS/00000001320) as independent actuary for the current year.

#### *ii Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plan if the Council 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.

### 4.04 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment.

*Initial costs:* Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

*Subsequent costs:* The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Council, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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## Notes to the financial statements

Year ended 31 December 2018

### 4.04 Property, plant and equipment (continued)

Depreciation is provided on all property, plant and equipment on straight line basis at rates calculated to write-off the cost, less estimated residual value, over their expected useful lives as follows:

Leasehold land	-	99 years
Office improvement	-	4 years
Furniture and Fittings	-	5 - 10 years
Motor vehicles/Motorcycles	-	5 years
Computer equipment	-	3 years
Office equipment	-	5 - 10 years
Library books	-	3 - 5 years

Depreciation of property, plant and equipment commence when they are in the location and condition necessary to operate as intended by the Council. Depreciation ceases at the earlier of the date an asset is classified as held for sale and the date it is derecognised. Depreciation methods, useful lives and residual values are reviewed at each year-end and adjusted as appropriate. Where there are changes, they are accounted for as changes in estimates.

Carrying values are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable. The gain or loss arising on the disposal of an asset is recognised in the Statement of surplus or deficit.

### 4.05 Financial instruments

Financial assets and financial liabilities are recognised when the Council becomes party to the contractual provisions of a financial instrument. The Council derecognizes a financial asset when the contractual rights to the cash flows from the asset are transferred or expire. Any interest in transferred financial assets that is created or retained by the Council is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the statement of financial position if the Council has a legal right of offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 4.06 Financial assets

Financial assets are classified into: (a) loans and receivables, (b) held-to-maturity investments (c) Available-for-sale and (d) financial assets at fair value through profit or loss. Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition.

#### *Loans and receivables*

Loans and receivables comprise of staff loans with fixed or determinable payments and are measured initially at fair value plus any directly attributable transaction costs. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

### 4.07 Financial liabilities

The Council has the following financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When a financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the original liability is derecognised and a new liability recognised. The difference in the respective carrying amounts is recognised in profit or loss.

## Notes to the financial statements

Year ended 31 December 2018

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### 4.08 Impairment

#### *i Non-financial assets*

At each reporting date, the carrying amounts of assets are reviewed for any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Recoverable amount is the higher of fair value less costs of disposal, and value in use. If the recoverable value of an asset is estimated to be less than its carrying amount, the carrying amount is written down to recoverable value.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. And only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

#### *ii Financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date for objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after its initial recognition, and that the loss event had a negative effect on future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of surplus or deficit and other comprehensive income.

### 4.09 Provisions and contingencies

#### *Provisions*

The Council recognises provisions when the following three conditions are met:

- (1) The Council has a present legal or constructive obligation as a result of past events;
- (2) It is probable that an outflow of economic resources will be required to settle the obligation; and
- (3) A reliable estimate can be made of the amount of the obligation.

The amount of the provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

#### *Contingent liabilities*

Contingent liabilities, including liabilities that are not probable or which cannot be measured reliably are not recognised, but are disclosed unless the possibility of settlement is considered remote.

#### *Contingent assets*

Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

#### *Litigation costs*

Litigation costs are included in the accounts on an accrual basis. Provision is made for the future costs of any litigation only where the costs are unavoidable and represent a present obligation at the reporting date.

### 4.10 General Reserve Fund

General Reserve Fund is the residual interest in the Council's assets after all liabilities are deducted. The overall change in net assets represents the total surplus or deficit generated by the Council during the period as determined by the particular measurement principles adopted and disclosed in the financial statements.

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## Notes to the financial statements

Year ended 31 December 2018

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### 5 Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make accounting estimates, some of which may be critical. It also requires management to exercise judgment in applying the Council's accounting policies. The effect of a change in an accounting estimate is recognised prospectively by including it in the statement of surplus or deficit and other comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Management makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements (i.e., have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year) are discussed below.

#### *i. Impairment of non-financial assets*

An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset and determines a suitable interest rate to calculate the present value of those cash flows. In measuring expected future cash flows management makes assumptions about future operating results, events and circumstances. The actual results may vary, and may cause significant adjustments to the Council's assets within the next financial year. Determining the applicable discount rate usually involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

#### *ii. Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date based on their expected utility. Actual results, however, may vary due to technical obsolescence.

#### *iii. Amounts payable to government's consolidated revenue fund*

As a government agency, the Fiscal Responsibility Act requires the Council to transfer one fifth of its annual operating surplus to its general reserve fund, and to transfer the balance of the annual operating surplus to the Federal Government's Consolidated Revenue Fund (CRF). There are however, related guidelines and templates by the Fiscal Responsibility Commission as well as the Federal Ministry of Finance as to the determination of operating surplus, which may differ from the surplus or loss shown in the statement of surplus or loss, and on which largely, the Council determines the amount payable from its annual operating surplus, to the CRF.

#### *iv. Contingencies*

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies thus involves the exercise of significant judgment and estimates of the outcome of future events.

#### *v. Re-measurement of staff loan*

Staff loan has been re-measured at amortised cost using an effective interest rate as required by IFRS. The determination of effective interest rate is based on prime lending rates as at 31 December 2018.

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## Notes to the financial statements

Year ended 31 December 2018

	2018 NGN	2017
<b>6 Government subvention</b>		
Personnel	-	-
Overhead	302,065	-
Capital	49,842,818	-
	<u>50,144,883</u>	<u>-</u>
<b>7 Internally generated revenue</b>		
Annual dues from corporate entities		
- Listed companies	280,899,123	161,771,243
- Other corporate entities	275,419,618	226,066,166
	<u>556,318,741</u>	<u>387,837,409</u>
Registration of professionals	45,636,240	69,945,727
Fines and penalties levied	202,100,000	325,000,000
Consultation fees assessed	30,252,600	64,992,000
Seminars	2,045,000	-
	<u>836,352,581</u>	<u>847,775,136</u>
<b>8 Donations and grant income</b>		
Donations received		
- Cash	-	9,110,000
- Property and equipment (Note 15)	10,448,458	-
Grant income recognised	-	-
	<u>10,448,458</u>	<u>9,110,000</u>
<b>9 Other income</b>		
Registration services	200	982,200
Sale of scrap items	58,500	-
Interest on staff loans	6,075,520	4,973,697
Sale of tender documents	400,000	152,300
Sale of publications	1,932,500	129,000
	<u>8,466,720</u>	<u>6,237,197</u>
<b>10 Technical expenses</b>		
Conferences and meetings	13,495,856	8,942,492
Seminars	1,240,050	-
Purchase of standards	4,194,250	-
Technical committees and working groups	64,723,874	-
Internet services	9,864,004	5,162,712
Professional services	4,098,300	-
Publicity and public relations	18,529,251	5,558,426
	<u>116,145,585</u>	<u>19,663,630</u>

## Notes to the financial statements

Year ended 31 December 2018

	2018 NGN	2017 NGN
<b>11 Administrative expenses</b>		
Personnel costs (Note 12)	341,410,950	319,534,853
Training and staff development	40,465,224	20,299,733
Local travels	57,951,254	31,672,701
Repairs and maintenance	41,660,908	41,631,749
Legal fees and expenses	12,510,000	675,000
Postages and telephone	28,992,983	24,510,559
Depreciation of property, plant and equipment	32,105,024	23,916,334
Office accommodation - rent and rates (see note 16)	47,096,423	47,697,953
Directors' sitting allowances	7,175,000	3,500,000
Board expenses	28,580,413	32,696,044
Auditor's remuneration	5,000,000	6,000,000
Audit expenses	2,645,000	1,884,000
Printing and stationery	3,107,391	2,982,506
Vehicle insurance (see note 16)	3,231,073	1,184,506
Other insurance and rates	427,665	267,199
Loss on disposal of property and equipment	-	3,019,732
Write-off of obsolete property and equipment	-	10,411,489
Bank charges	-	338,137
Impairment on staff loans	338,695	-
	<u>652,698,003</u>	<u>572,222,495</u>
<b>12 Personnel costs</b>		
Salaries and wages	265,963,417	251,466,047
Retirement benefit costs	69,372,013	64,048,041
Fair value of interest on staff loans	6,075,520	4,020,765
	<u>341,410,950</u>	<u>319,534,853</u>
<i>Effective interest rate for staff loans was 16.96% (2017:16.7%).</i>		
<b>13 Income tax</b>		
The Council is tax-exempt under the FRC Act No. 6, 2011.		
<b>14 Accounts receivable</b>		
Non-current:		
Staff loans	17,254,167	4,795,000
Provision for impairment	(298,537)	-
	<u>16,955,630</u>	<u>4,795,000</u>
Current:		
Staff loans	9,618,434	20,501,668
Government subvention	49,842,818	-
Provision for impairment	(40,158)	-
	<u>59,421,094</u>	<u>20,501,668</u>
	<u>76,376,724</u>	<u>25,296,668</u>

## Notes to the financial statements

Year ended 31 December 2018

### 15 Property, plant and equipment

	Land NGN	Computer equipment NGN	Motor vehicles NGN	Motorcycle NGN	Furniture and fittings NGN	Office equipment NGN	Library books NGN	Total NGN
<b>2018</b>								
Cost - At 1/1/2018	59,410,200	32,019,216	60,149,474	450,000	12,065,061	31,045,762	-	195,139,713
Additions:								
Cash purchases	-	11,933,500	89,192,250	-	-	4,916,250	-	106,042,000
In-kind donation received	-	-	-	-	10,448,458	-	-	10,448,458
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
At 31/12/2018	59,410,200	43,952,716	149,341,724	450,000	22,513,519	35,962,012	-	311,630,171
<b>Accumulated depreciation</b>								
At 1/1/2018	1,600,275	27,110,861	48,545,798	180,001	5,279,162	19,506,377	-	102,222,474
Charge for the year	600,103	5,499,745	20,579,054	90,000	2,210,641	3,125,481	-	32,105,024
Disposals	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-
At 31/12/2018	2,200,378	32,610,606	69,124,852	270,001	7,489,803	22,631,858	-	134,327,498
<b>Net book value - 31/12/2018</b>	<b>57,209,822</b>	<b>11,342,110</b>	<b>80,216,872</b>	<b>179,999</b>	<b>15,023,716</b>	<b>13,330,154</b>	<b>-</b>	<b>177,302,673</b>
<b>2017</b>								
Cost - At 1/1/2017	59,410,200	39,710,009	60,149,474	450,000	45,585,333	48,192,083	16,287,317	269,784,416
Additions	-	441,525	-	-	477,250	249,500	-	1,168,275
Disposals	-	(3,611,735)	-	-	(7,714,936)	(5,596,194)	-	(16,922,865)
Write-offs	-	(4,520,583)	-	-	(26,282,586)	(11,799,627)	(16,287,317)	(58,890,113)
At 31/12/2017	59,410,200	32,019,216	60,149,474	450,000	12,065,061	31,045,762	-	195,139,713
<b>Accumulated depreciation</b>								
At 1/1/2017	1,000,172	30,552,912	38,902,904	90,001	23,704,112	29,447,723	16,287,317	139,985,141
Charge for the year	600,103	4,690,267	9,642,894	90,000	4,674,636	4,218,434	-	23,916,334
Disposals	-	(3,611,735)	-	-	(5,429,184)	(4,159,458)	-	(13,200,377)
Write-offs	-	(4,520,583)	-	-	(17,670,402)	(10,000,322)	(16,287,317)	(48,478,624)
At 31/12/2017	1,600,275	27,110,861	48,545,798	180,001	5,279,162	19,506,377	-	102,222,474
<b>Net book value - 31/12/2017</b>	<b>57,809,925</b>	<b>4,908,355</b>	<b>11,603,676</b>	<b>269,999</b>	<b>6,785,899</b>	<b>11,539,385</b>	<b>-</b>	<b>92,917,239</b>

## Notes to the financial statements

Year ended 31 December 2018

	2018 NGN	2017 NGN
<b>16 Prepaid rent and rates</b>		
At 1 January	38,713,341	72,743,570
Paid during the year:		
Rent and rates	14,339,181	13,316,290
Insurance	4,264,814	1,535,940
Amortised:		
Rent and rates	(47,096,423)	(47,697,953)
Insurance	(3,231,073)	(1,184,506)
At 31 December	<u>6,989,840</u>	<u>38,713,341</u>
Non-current	-	-
Current:		
Rent and rates	5,871,864	38,629,106
Insurance	1,117,976	84,235
	<u>6,989,840</u>	<u>38,713,341</u>
<b>17 Bank balances</b>		
<i>(a) Current accounts:</i>		
Central Bank of Nigeria – TSA Main	298,529,311	458,459,221
Central Bank of Nigeria - Naira Transit Account	20,805,750	-
Central Bank of Nigeria - Other	170,452	170,452
Cash	60,000	3,880
	<u>319,565,513</u>	<u>458,633,553</u>
<i>Restricted balances</i>		
Central Bank of Nigeria – TSA/IFRS Academy Fund (note 27)	928,922,854	928,922,854
	<u>1,248,488,367</u>	<u>1,387,556,407</u>
<b>18 General reserve fund</b>		
At 1 January	36,722,810	266,369,684
Surplus/(deficit) for year	88,638,399	(229,646,874)
	<u>125,361,209</u>	<u>36,722,810</u>

## Notes to the financial statements

Year ended 31 December 2018

	2018 NGN	2017 NGN
<b>19 Payable to Consolidated Revenue Fund (CRF)</b>		<i>Restated</i>
At 1 January	241,157,017	248,816,849
Payable for the year	95,065,008	518,721,846
Remittances	<u>(241,157,280)</u>	<u>(526,381,678)</u>
	<u>95,064,745</u>	<u>241,157,017</u>
<p>The Fiscal Responsibility Act requires the Council to remit 80% of its annual operating surplus to the Consolidated Revenue Fund (CRF). Periodically however, the Council makes advance and provisional remittances to CRF. The amount payable to CRF for the year as recognised above is estimated in accordance with the applicable guidelines as follows:</p>		
Operating surplus/(deficit) per income statement	136,569,054	271,236,208
Add back:		
i Unallowable provision - loss on disposal of fixed assets	-	13,431,221
ii Excess depreciation/amortisation	32,105,024	23,916,334
iii Donations	-	-
iv Capital expenditure	-	-
v Benefits-in-kind	-	-
vi Political expenses	-	-
vii Subscriptions	-	-
viii Unbudgeted expenses	-	-
ix Undisclosed income	-	-
x Bank charges	-	338,137
Deduct:		
i Under depreciation/amortisation	-	-
ii Approved expenditure - capital expenditure	<u>(49,842,818)</u>	<u>-</u>
Operating surplus/(deficit)	<u>118,831,260</u>	<u>308,921,900</u>
Payable to CRF for current year	80% 95,065,008	247,137,520
Add: under-provision in prior years (2010 to 2016)*	<u>-</u>	<u>271,584,326</u>
Payable to CRF, total	<u>95,065,008</u>	<u>518,721,846</u>
* Per review of surpluses and remittances by Accountant General for the Federation.		
<b>20 Accounts payable</b>		
Accrued expenses	6,076,047	4,403,989
Fair value interest payable on staff loans	2,306,473	2,306,473
Audit fee	5,000,000	9,000,000
Payroll taxes	2,208,965	222,521
VAT and withholding tax payable	849,755	618,095
Deposit for statements of accounting standards	<u>75,000</u>	<u>75,000</u>
	<u>16,516,240</u>	<u>16,626,078</u>



## Notes to the Financial Statements

Year ended 31 December 2018

	2018 NGN	2017 NGN
<b>21 Reconciliation of net income to net cash provided by operating activities</b>		
Surplus/(deficit) for the year	136,569,054	271,236,208
<i>Adjustment to reconcile surplus/(deficit) to net cash flow from operations:</i>		
In-kind donations received (Note 15)	(10,448,458)	-
Provision for retirement benefit obligation	69,372,013	64,048,041
Depreciation of property, plant and equipment (Note 15)	32,105,024	23,916,334
Impairment allowance on other assets	338,695	-
Loss/(gain) on disposal of property, plant and equipment	-	10,411,489
Write-off of property, plant and equipment	-	3,019,732
	<u>227,936,328</u>	<u>372,631,804</u>
Cash generated from operations		
Changes in assets and liabilities:		
(Increase)/decrease in loans and receivables	(51,418,751)	3,634,560
(Increase)/decrease in prepaid rent and rates	31,723,501	34,030,229
Increase/(decrease) in payables	(109,838)	(22,716,776)
	<u>(19,805,088)</u>	<u>14,948,013</u>
Net cash from operating activities	<u>208,131,240</u>	<u>387,579,817</u>

### 22 Contingent liabilities

The Council had no contingent liabilities as at 31 December 2018 (2017: nil). The Council is party to litigation with claims against it amounting to N1.01billion as of 31 December 2018 (2017: N1.01billion). The directors are of the view that no liabilities will eventuate in respect of these claims.

### 23 Capital commitments

The Council had no capital commitments as at 31 December 2018 (2017: nil).

### 24 Subsequent events

There were no significant events after the statement of financial position date which would have had a material effect on the state of affairs of the Council as at 31 December 2018 that have not been adequately provided for or disclosed.

## Notes to the Financial Statements

Year ended 31 December 2018

	2018 NGN	2017 NGN
<b>25 Emoluments of Directors and Employees</b>		
<b>Directors</b>		
The remuneration paid to the directors of the Council was :		
Fees and allowances	7,175,000	3,500,000
Executive compensation	28,000,000	28,000,000
	<u>35,175,000</u>	<u>31,500,000</u>
Emoluments disclosed above include amounts paid to :		
The Chairman	<u>-</u>	<u>-</u>
The highest paid director	<u>28,000,000</u>	<u>28,000,000</u>
<b>Employees</b>		
Average number of employees (by function):	<b>Number</b>	<b>Number</b>
Finance & Accounts	8	7
Inspections & Monitoring	8	5
Accounting, Auditing & Actuarial Standards	4	7
Research & Policy	6	6
Corporate Governance	3	2
Human Capital Management	23	24
Information Technology	2	2
Registration	7	10
Legal and Internal Audit	2	2
	<u>63</u>	<u>65</u>
Remuneration for the above persons was:	<b>NGN</b>	<b>-</b>
Salaries and wages	272,038,937	255,486,812
Retirement benefit costs	69,372,013	64,048,041
	<u>341,410,950</u>	<u>319,534,853</u>
The numbers of employees of the Council other than directors, who received	<b>Number</b>	<b>Number</b>
Below N1million	17	17
1,000,001 - 2,500,000	2	19
2,500,001 - 5,000,000	33	20
5,000,001 - 7,500,000	7	4
7,500,001 - 10,000,000	4	4
25,000,000 - 30,000,000	-	1
	<u>63</u>	<u>65</u>

## Notes to the Financial Statements

Year ended 31 December 2018

### 26 Retirement benefits

#### (a) Defined contribution plan

The council operates a defined contributory staff pension scheme in line with the Pensions Reform Act 2014. The Scheme is administered by designated Pension Fund Administrators (PFAs). The Council contributes 10% of employees emoluments while employees contribute 8% of same, with the contributions remitted to the designated PFAs mostly in arrears. The total expense recognised in the statement of surplus or deficit represents the annual contribution payable by the Council at rate specified above, while any related amounts in the statement of financial position represented unremitted contributions at the respective period end.

#### (b) Defined benefit plan

The Council operates a defined benefit gratuity scheme with benefits provided based on length of service and salary at the time of retirement. The scheme is therefore exposed to inflation and interest rate risks as well as changes in the life expectancy of covered employees, and the liability is actuarially determined using the projected income method. The following table summarises the components of the net benefit expense recognised in profit or loss, the actuarial gain/loss recognised in OCI and the amounts recognised in the statement of financial position.

	2018 NGN	2017 NGN
Retirement benefit obligation at 1 January	321,054,896	274,845,619
<i>Benefit cost for the year:</i>		
Current service cost	23,104,453	20,166,253
Interest cost	46,267,560	43,881,788
Net amount recognised in profit or loss	69,372,013	64,048,041
Actuarial (gain)/loss recognised in OCI	(47,134,353)	(17,838,764)
	<u>22,237,660</u>	<u>46,209,277</u>
Retirement benefit obligation at 31 December	<u>343,292,556</u>	<u>321,054,896</u>
Made up of:		
Non-current	339,434,526	321,054,896
Current	3,858,030	-
	<u>343,292,556</u>	<u>321,054,896</u>

#### Sensitivity Analysis

The sensitivity of the obligation to changes in discount rate and salary increase assumptions is as follows:

	2018 %	2017 %
Effect of 1% increase or decrease in the Discount rate	15.0	15.0
Effect of 1% increase or decrease in Salary Increase rate	15.0	16.0

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The obligation amount set out above is based on a number of assumptions and therefore, could turn out to be overstated or understated depending on the extent to which actual experience differs from the assumptions used. The obligation was recalculated to show the effect of:

- The discount rate assumption on the obligation by adding and subtracting 1% to the discount rate
- The salary increase assumption on the obligation by adding and subtracting 1% to the salary increase rate and;
- The mortality assumption on the defined benefit obligation by adding and subtracting 1 year to the age rating.

## Notes to the Financial Statements

Year ended 31 December 2018

### 27 IFRS Academy

In May 2011, the Council embarked on a fund raising drive for a specialised training centre (the "IFRS Academy") and related resources to support adoption of international accounting standards in Nigeria. Consequently, the Council received initial grants amounting to N955,210,000 (nine hundred and fifty-five million two hundred and ten thousand naira only). The Council is in the process of forming a company ("IFRS Academy Nigeria Ltd/Gte") to carry on the business of constructing and operating the centre and the company is yet to commence operations.

	2018 NGN	2017 NGN
Balance, start of year	928,922,854	851,545,153
Interest accretion	-	77,377,701
Grant liability at 31 December	<u>928,922,854</u>	<u>928,922,854</u>

## Statement of Value Added

Year ended 31 December 2018

	2018		2017	
	NGN		NGN	
Gross revenue		905,412,642		863,122,333
Technical and administrative expenses		(395,327,614)		(248,434,938)
Actuarial gains and losses on defined benefit plan		47,134,353		17,838,764
Value added		<u>557,219,381</u>		<u>632,526,159</u>
Distribution:				
Employees (staff cost and actuarial gains and losses)	61.3%	341,410,950	50.5%	319,534,853
Government (payable to Consolidated Revenue Fund)	17.1%	95,065,008	82.0%	518,721,846
For asset replacement (depreciation)	5.8%	32,105,024	3.8%	23,916,334
Expansion (retained in the business)	15.9%	88,638,399	-36.3%	(229,646,874)
Value added	100%	<u>557,219,381</u>	100%	<u>632,526,159</u>

*The value added represents the wealth created by the efforts of the Council and its employees. This statement shows the allocation of that wealth to employees, government and to the future for creation of more wealth*

## Five-Year Financial Summary

	2018 NGN	2017 NGN	2016 NGN	2015 NGN	2014 NGN
<b>Statement of financial position</b>					
<b>Assets</b>					
Property, plant and equipment	177,302,673	92,917,239	129,799,275	151,316,851	120,325,851
Accounts receivable	16,955,630	4,795,000	7,529,168	-	805,556
Prepaid rent and rates	-	-	33,036,855	-	-
Restricted bank balances	928,922,854	928,922,854	851,545,153	803,110,355	851,587,135
Inventories	-	-	-	4,965,710	4,606,982
Accounts receivable	59,421,094	20,501,668	21,402,060	956,271	12,104,882
Receivable from CRF	-	-	-	247,640,193	174,455,129
Prepaid rent and rates	6,989,840	38,713,341	39,706,715	27,422,837	3,687,258
Bank balances	319,565,513	458,633,553	597,900,933	-	111,452,284
<b>Total assets</b>	<b>1,509,157,604</b>	<b>1,544,483,655</b>	<b>1,680,920,159</b>	<b>1,235,412,217</b>	<b>1,279,025,077</b>
<b>Liabilities</b>					
IFRS Academy grant	928,922,854	928,922,854	851,545,153	803,110,355	851,587,135
Retirement benefit obligation	339,434,526	321,054,896	274,845,619	319,626,845	197,452,819
Payable to Consolidated Revenue Fund	95,064,745	241,157,017	248,816,849	-	-
Retirement benefit obligation	3,858,030	-	-	-	-
Accounts payable	16,516,240	16,626,078	39,342,854	56,107,551	19,940,720
Bank overdraft	-	-	-	37,369,322	-
<b>Total liabilities</b>	<b>1,383,796,395</b>	<b>1,507,760,845</b>	<b>1,414,550,475</b>	<b>1,216,214,073</b>	<b>1,068,980,674</b>
<b>Net assets</b>	<b>125,361,209</b>	<b>36,722,810</b>	<b>266,369,684</b>	<b>19,198,144</b>	<b>210,044,403</b>
Represented by:					
<b>General reserve fund</b>	<b>125,361,209</b>	<b>36,722,810</b>	<b>266,369,684</b>	<b>19,198,144</b>	<b>210,044,403</b>
<b>Statement of surplus or deficit and other comprehensive income</b>					
Revenue	905,412,642	863,122,333	1,551,269,690	663,197,230	989,662,517
Surplus/(Deficit) for year	183,703,407	289,074,972	744,330,142	(190,846,259)	(188,793,820)