



Financial Reporting Council of Nigeria

Federal Ministry of Industry, Trade & Investment

Annual Report & Accounts

Year Ended 31 December 2016

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Corporate information

Vision	- To be the conscience of regulatory assurance in financial reporting and corporate governance in Nigeria.
Mission	- 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.
Directors	
Chairman	- Adedotun Suleiman, MFR, Mr Appointed 9 January 2017
Chief Executive	- Daniel Asapokhai, Mr Appointed 9 January 2017
Non-Executive	- Adedapo Adekoje, Mr Appointed 4 May 2017
"	- Adedapo Adeleke, Mr "
"	- Owolo Adewale, Mr "
"	- Onome Adewuyi, Mrs "
"	- Abiodun Aina, Mr "
"	- Dayo Arowosegbe, Mr "
"	- Suleiman Aruwa, Prof. "
"	- Tinuade Awe, Ms "
"	- Shamsudeen Bello, Mr "
"	- Mohammed Datti, Mr "
"	- Musa Fodio, Prof. "
"	- Sani Garba, Mr "
"	- Moses Ibiloye, Mr "
"	- Chukwuemeka Ifezulike, Mr "
"	- Meshack Ifurueze, Prof. "
"	- Zacchaues Odeleye, Mr "
"	- Edward Okolo, Mr "
"	- George Onekhena, Mr "
"	- Ahmad Rabi, Alhaji "
"	- Oyebowale Raji, Mr "
"	- Muniru Wambai, Mr "
Address	- 4th Floor, LCCI Exhibition & Conference Centre Plot 10, Nurudeen Olowopopo Drive Central Business District, Alausa, Ikeja, Lagos
Website	- http://www.financialreportingcouncil.gov.ng
Auditor	- Ernst & Young 13th Floor, UBA House, 57 Marina, Lagos

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2016.

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 follow

	2016 NGN	2015 NGN	2014 NGN
Subvention from government	-	-	27,387,369
Internally generated revenue (IGR)	1,473,674,316	514,037,509	878,632,494
Donations and other income	77,595,374	149,159,721	83,642,654
Gross income	1,551,269,690	663,197,230	989,662,517
Technical and administrative expenses	(919,169,708)	(779,978,856)	(1,068,704,460)
Other comprehensive income, net of tax	112,230,160	(74,064,633)	(109,751,877)
Surplus/(deficit) for the year	744,330,142	(190,846,259)	(188,793,820)
Appropriated as follows:			
Consolidated Revenue Fund	497,158,602	-	-
Accumulated Fund	247,171,540	(190,846,259)	(188,793,820)
	744,330,142	(190,846,259)	(188,793,820)

4. Directors

On 16 July 2015, the Chairman and other non-executives were withdrawn from office (as was the case for all other Federal Government of Nigeria agencies and parastatals) via Circular No. SGF.19/S.18/XIX/964. Accordingly, there were no Directors in office during the year ended 31 December 2016. Matters requiring Board attention during the period were referred to the Honourable Minister, Federal Ministry of Industry, Trade and Investment. Subsequent to 31 December 2016, new Directors have been appointed to the Board as follows:

1 Adedotun Sulaiman, Mr	-	Chairman, appointed 9 January 2017
2 Daniel Asapokhai, Mr	-	Executive Secretary/CEO, appointed 9 January 2017
3 Adedapo Adekoje, Mr	-	Non-executive, with effect from 4 May 2017
4 Adedapo Adeleke, Mr	-	"
5 Owolo Adewale, Mr	-	"
6 Onome Adewuyi, Mrs	-	"
7 Abiodun Aina, Mr	-	"
8 Dayo Arowosegbe, Mr	-	"
9 Suleiman Aruwa, Prof.	-	"
10 Tinuade Awe, Ms	-	"
11 Shamsudeen Bello, Mr	-	"
12 Mohammed Datti, Mr	-	"

Report of the Directors (continued)

4. Directors (continued)

13 Musa Fodio, <i>Prof.</i>	-	Non-executive, with effect from 4 May 2017
14 Sani Garba, <i>Mr</i>	-	"
15 Moses Ibiloye, <i>Mr</i>	-	"
16 Chukwuemeka Ifezulike, <i>Mr</i>	-	"
17 Meshack Ifurueze, <i>Prof.</i>	-	"
18 Zacchaues Odeleye, <i>Mr</i>	-	"
19 Edward Okolo, <i>Mr</i>	-	"
20 George Onekhena, <i>Mr</i>	-	"
21 Ahmad Rabi, <i>Alhaji</i>	-	"
22 Oyebowale Raji, <i>Mr</i>	-	"
23 Muniru Wambai, <i>Mr</i>	-	"

5. Staff development, health and safety

The Council is committed to keeping staff abreast with 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 access to medical facilities for employees and their families via medical insurance plans.

6. Charitable donations

The Council made charitable donations during the year amounting to N350,000 (2015: Nil).


7. Corporate governance

The Council is governed by a 23-member Board that meets quarterly. However, special or emergency meetings of the Board are also convened as required. The Board decides on policy matters and directs the general affairs of the Council, agreeing strategy and monitoring priorities and the delivery of the directorates. There were however, no Directors in office during the year ended 31 December 2016 aside the Executive Secretary. Accordingly, there were no Board or Board committee meetings during the period.

8. Auditor

Ernst & Young have indicated their willingness to continue in office as auditor 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/00000000946

26th day of September 2017

Statement of Directors' Responsibilities

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 the financial statements for each financial year that give a true and fair view of the state of 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 issued by International Accounting Standards Board and the requirements of the Companies and Allied Matters Act and 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 these financial statements, as well as 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 this statement.



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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FINANCIAL REPORTING COUNCIL OF NIGERIA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Financial Reporting Council of Nigeria which comprise the statement of financial position as at 31 December 2016, 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 financial statements give a true and fair view of the financial position of Financial Reporting Council of Nigeria as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

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 Auditors' 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) and other independence requirements applicable to performing the audit of the Financial Reporting Council of Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Financial Reporting Council of Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of value added and five-year financial summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The other information does not include the financial statements and our auditors' report thereon.

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

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



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FINANCIAL REPORTING COUNCIL OF NIGERIA

Report on the Audit of the Financial Statements - Continued

Responsibilities of the Directors 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, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, 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 intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Directors' 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.



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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FINANCIAL REPORTING COUNCIL OF NIGERIA
Report on the Audit of the Financial Statements - Continued

• 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 the directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion, proper books of account have been kept by the Council in so far as appears from our examination of those books; and
- iii. the Council's statement of financial position and statement of surplus or deficit and other comprehensive income are in agreement with the books of account;

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst & Young
Lagos, Nigeria

12 March 2018



Statement of surplus or deficit and other comprehensive income

Year ended 31 December 2016

	Note	2016 NGN	2015 NGN <i>Restated</i>	2014 NGN <i>Restated</i>
Revenue				
Government subvention	6	-	-	27,387,369
Internally generated revenue	7	1,473,674,316	514,037,509	878,632,494
Donations, grants and sponsorships	8	66,782,000	143,177,693	62,898,194
Other income	9	10,813,374	5,982,028	20,744,460
		<u>1,551,269,690</u>	<u>663,197,230</u>	<u>989,662,517</u>
Expenditure				
Technical expenses	10	(250,092,582)	(188,533,156)	(302,347,109)
Administrative expenses	11	(669,077,126)	(591,445,700)	(766,357,351)
		<u>(919,169,708)</u>	<u>(779,978,856)</u>	<u>(1,068,704,460)</u>
Operating surplus/(deficit) for the year		632,099,982	(116,781,626)	(79,041,943)
Other comprehensive income, net of tax				
Actuarial losses/(gains) on defined benefit obligation	28	112,230,160	(74,064,633)	(109,751,877)
Total comprehensive income for the year		<u>744,330,142</u>	<u>(190,846,259)</u>	<u>(188,793,820)</u>
Total comprehensive income for the year appropriated as follows:				
Payable to FGN's Consolidated Revenue Fund	21	497,158,602	-	-
Transfer to the Council's General Reserve fund	20	247,171,540	(190,846,259)	(188,793,820)
		<u>744,330,142</u>	<u>(190,846,259)</u>	<u>(188,793,820)</u>

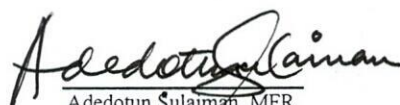
The accompanying notes are an integral part of these financial statements.

Statement of financial position

As at 31 December 2016

	Note	2016 NGN	2015 NGN <i>Restated</i>	2014 NGN <i>Restated</i>
Assets				
Non-current assets				
Property, plant and equipment	15	129,799,275	151,316,851	120,325,851
Non-current financial assets:				
Accounts receivable	14	7,529,168	-	805,556
Prepaid rent and rates	17	33,036,855	-	-
Restricted bank balances	19	851,545,153	803,110,355	851,587,135
		<u>1,021,910,451</u>	<u>954,427,206</u>	<u>972,718,542</u>
Current assets				
Inventories	16	-	4,965,710	4,606,982
Loans and receivables	14	21,402,060	956,271	12,104,882
Receivable from Consolidated Revenue Fund	21	-	247,640,193	174,455,129
Prepaid rent and rates	17	39,706,715	27,422,837	3,687,258
Bank balances	19	597,900,933	-	111,452,284
		<u>659,009,708</u>	<u>280,985,011</u>	<u>306,306,535</u>
Total assets		<u><u>1,680,920,159</u></u>	<u><u>1,235,412,217</u></u>	<u><u>1,279,025,077</u></u>
Equity and liabilities				
Equity				
General reserve fund	20	266,369,684	19,198,144	210,044,403
Building fund		-	-	-
		<u>266,369,684</u>	<u>19,198,144</u>	<u>210,044,403</u>
Non-current liabilities				
Retirement Benefit Obligations	28	274,845,619	319,626,845	197,452,819
IFRS Academy fund	29	851,545,153	803,110,355	851,587,135
		<u>1,126,390,772</u>	<u>1,122,737,200</u>	<u>1,049,039,954</u>
Current liabilities				
Payable to Consolidated Revenue Fund	21	248,816,849	-	-
Accounts payable	22	39,342,854	56,107,551	19,940,720
Bank overdraft	19	-	37,369,322	-
		<u>288,159,703</u>	<u>93,476,873</u>	<u>19,940,720</u>
Total equity and liabilities		<u><u>1,680,920,159</u></u>	<u><u>1,235,412,217</u></u>	<u><u>1,279,025,077</u></u>

The financial statements were approved by the Board on 26 September 2017 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 2016

	Note	2016 NGN	2015 NGN <i>Restated</i>	2014 NGN <i>Restated</i>
General reserve fund				
At 1 January		19,198,144	210,044,403	398,838,223
Transfer from surplus or deficit and other comprehensive income		<u>247,171,540</u>	<u>(190,846,259)</u>	<u>(188,793,820)</u>
At 31 December	20	<u><u>266,369,684</u></u>	<u><u>19,198,144</u></u>	<u><u>210,044,403</u></u>

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

Statement of Cash flows

Year ended 31 December 2016

	Note	2016 NGN	2015 NGN <i>Restated</i>	2014 NGN <i>Restated</i>
Operating activities				
Net cash from/(used in) operating activities	23	<u>644,690,590</u>	<u>(98,228,922)</u>	<u>(75,079,442)</u>
Investing activities				
Purchase of property, plant and equipment	15	(11,001,730)	(60,931,200)	(55,434,381)
Proceeds from disposal of property, plant and equipment		2,282,955	1,388,501	1,026,171
Purchase of investments		<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(8,718,775)</u>	<u>(59,542,699)</u>	<u>(54,408,210)</u>
Financing activities				
Transfers to government - consolidated revenue fund		(701,560)	(73,185,064)	(222,755,139)
Donations received and related investment income		48,434,798	33,658,299	917,380,205
Loan repayment	11	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities		<u>47,733,238</u>	<u>(39,526,765)</u>	<u>694,625,066</u>
Net change in cash and cash equivalents		683,705,053	(197,298,386)	565,137,414
Cash and cash equivalents at 1 January		<u>765,741,033</u>	<u>963,039,419</u>	<u>397,902,005</u>
Cash and cash equivalents at 31 December		<u><u>1,449,446,086</u></u>	<u><u>765,741,033</u></u>	<u><u>963,039,419</u></u>

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

Notes to the financial statements

Year ended 31 December 2016

1 The Council

The Financial Reporting Council of Nigeria ("FRCN" / "the Council") was established by the Financial Reporting Council of Nigeria Act of 2011 and is charged with the responsibility for, among other things, developing and publishing accounting and financial reporting Standards to be observed in the preparation of financial statements of public interest entities in Nigeria; and for related matters. The Council is a regulatory agency of the Federal Government of Nigeria supervised by the Federal Ministry of Industry, Trade and Investment.

The statutory objectives of the FRCN are to:

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

2 Basis of preparation

2.1 Statement of compliance

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).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position: (a) Loans and receivables, which are measured at amortised cost and (b) Inventory items, which are measured at net realisable value.

2.3 Functional and presentation currency

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

2.4 Correction of prior period errors

In prior years, the Council did not recognise in its own books, donations and grants received for the setting up of a special purpose training centre (the "IFRS Academy") and certain related expenditure made from those funds. Also, certain transfers to the Federal Government's Consolidated Revenue Fund were not recorded and certain scrap property and equipment sold were incorrectly recorded. These errors have been corrected by restating the affected financial statement line items for the prior years as summarised below:

	2015 N'000	2014 N'000
<i>Impact on equity increase/(decrease) in net assets:</i>	<i>Restated</i>	<i>Restated</i>
Restricted bank balances	803,110	851,587
Other bank balances	(73,631)	255
Property, plant and equipment	70,087	11,077
IFRS Academy Grant	(803,110)	(851,587)
Retirement Benefit Obligation	(319,627)	(197,453)
Account payables	99,624	45,194
Consolidated Revenue Funds	247,640	174,455
	<u>24,093</u>	<u>33,528</u>
<i>Impact on equity increase/(decrease) in equity</i>		
Internally Generated Revenue	(61,373)	(52,799)
Donations and grant income	143,178	62,898
Other Income	330	8,404
Administrative expenses	(48,230)	(17,772)
Technical expenses	(22,724)	(17,968)
Actuarial Losses	(74,065)	(109,752)
	<u>(62,884)</u>	<u>(126,989)</u>

Notes to the financial statements

Year ended 31 December 2016

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.

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.

Notes to the financial statements

Year ended 31 December 2016

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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

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 arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

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 cost of providing benefits under this scheme is determined using the projected unit credit method. Actuarial gains and losses for this defined benefit plan 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.

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.

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:

Notes to the financial statements

Year ended 31 December 2016

4.04 Property, plant and equipment (continued)

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
Leasehold land	-	99 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.

If events or changes in circumstances indicate that carrying values may not be recoverable then carrying values are reviewed for impairment. The gain or loss arising on the disposal or retirement 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 are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprises staff loans.

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 2016

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 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses. Inventories comprise IFRS bound volumes and publications that have been superseded by new editions are written off.

4.10 Provisions and contingencies

Provisions

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

- The Council has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of economic resources will be required to settle the obligation; and
- 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.

Notes to the financial statements

Year ended 31 December 2016

4.11 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.

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 and effective interest rate as required by IFRS. The determination of effective interest rate is based on prime lending rates as at 31 December 2016.

Notes to the financial statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
6 Government subvention		<i>Restated</i>	<i>Restated</i>
Personnel	-	-	22,986,613
Overheads	-	-	4,400,756
Capital	-	-	-
	<u>-</u>	<u>-</u>	<u>27,387,369</u>
7 Internally generated revenue			
Annual dues from corporate entities			
- Listed companies	219,894,175	228,590,735	195,191,373
- Other corporate entities	145,085,428	168,810,933	387,483,836
	<u>364,979,603</u>	<u>397,401,668</u>	<u>582,675,209</u>
Registration of professionals	78,634,713	79,895,841	103,942,285
Fines and penalties levied	991,750,000	21,015,000	151,365,000
Consultation fees assessed	38,310,000	15,725,000	40,650,000
	<u>1,473,674,316</u>	<u>514,037,509</u>	<u>878,632,494</u>
8 Grants and sponsorships			
Sponsorships - Financial Reporting Summit	66,782,000	61,042,614	44,930,000
IFRS Academy - recognition of spend for the year	-	82,135,079	17,968,194
	<u>66,782,000</u>	<u>143,177,693</u>	<u>62,898,194</u>
9 Other income			
Registration services	3,471,700	4,615,693	10,806,200
Training and seminars	-	-	6,750,000
Exchange gain	-	667,039	-
Gain on disposal of property and equipment	-	269,167	-
Speakership fees received by Council staff	100,000	100,000	225,000
Interest on staff loans	6,864,077	-	-
Sale of scrap items and tender documents	154,500	-	1,310,500
Sale of publications	223,097	330,129	1,652,760
	<u>10,813,374</u>	<u>5,982,028</u>	<u>20,744,460</u>
10 Technical expenses			
Conferences and meetings	106,115,532	64,328,459	122,713,510
Seminars - organisation costs	-	-	45,680,228
IASB subscription	63,441,525	22,724,879	17,968,194
Steering committees	5,627,259	8,116,208	16,696,732
Internet services	4,104,147	7,512,654	10,927,680
Consultancy services	2,205,000	23,685,200	27,777,778
Publicity and public relations	68,599,119	62,165,756	60,582,987
	<u>250,092,582</u>	<u>188,533,156</u>	<u>302,347,109</u>

Notes to the financial statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
11 Administrative expenses			
Personnel costs (Note 12)	428,989,371	339,674,936	348,269,444
Local travels	48,731,507	44,539,249	124,891,916
Repairs	43,261,067	39,866,698	38,894,816
Legal fees and expenses	45,067,434	41,020,000	35,615,000
Postages & Telephone	25,420,789	23,092,544	10,584,530
Depreciation of property, plant and equipment	30,236,351	28,820,866	35,855,778
Office accommodation rent expenses	22,208,974	24,346,143	25,081,622
Directors' sitting allowances	-	8,500,000	18,110,000
Board expenses	-	10,941,335	26,810,521
Auditor's remuneration	5,000,000	5,000,000	5,000,000
Audit expenses	2,558,500	1,291,900	470,000
Write-off of obsolete inventory	4,502,305	3,503,450	-
Printing and stationery	3,989,285	4,845,376	79,564,971
Relocation expenses	2,477,093	11,180,107	-
Transportation	1,796,224	1,519,255	4,307,748
Vehicle insurance	1,812,725	2,219,873	2,405,348
Loss on disposal of property, plant and equipment	2,282,955	-	745,171
Subscriptions	-	176,415	129,454
Bank charges	392,546	907,553	921,032
Donations	350,000	-	8,700,000
	<u>669,077,126</u>	<u>591,445,700</u>	<u>766,357,351</u>
12 Personnel costs			
Salaries and wages	278,151,517	233,961,327	224,289,866
Retirement benefits costs	67,448,934	48,109,393	17,492,166
Training and welfare allowances	76,656,257	56,180,034	104,734,155
Fair value of interest on staff loans	6,732,663	1,424,182	1,753,257
	<u>428,989,371</u>	<u>339,674,936</u>	<u>348,269,444</u>
<i>Staff loans have been remeasured at amortised cost using an effective interest rate of 16.96% (2015: 16.96%).</i>			
13 Income tax			
The Council is tax-exempt under the FRC Act No. 6, 2011.			
14 Loans and receivables			
Staff loans:			
- Non-current portion	<u>7,529,168</u>	<u>-</u>	<u>805,556</u>
- Current portion	<u>21,402,060</u>	<u>956,271</u>	<u>12,445,833</u>
- Provision for impairment	<u>-</u>	<u>-</u>	<u>(340,951)</u>
	<u>21,402,060</u>	<u>956,271</u>	<u>12,104,882</u>
	<u>28,931,228</u>	<u>956,271</u>	<u>12,910,438</u>

Notes to the financial statements

Year ended 31 December 2016

15 Property, plant and equipment

	Land N'000	Computer equipment N'000	Motor vehicles N'000	Motorcycle N'000	Furniture and fittings N'000	Office equipment N'000	Library books N'000	Total N'000
2016								
Cost - At 1/1/2016	59,410,200	32,192,279	60,149,474	667,000	47,049,865	47,926,354	16,287,317	263,682,489
Additions	-	7,517,730	-	450,000	2,729,000	305,000	-	11,001,730
Disposals/write-offs	-	-	-	(667,000)	(4,193,532)	(39,271)	-	(4,899,803)
At 31/12/2016	59,410,200	39,710,009	60,149,474	450,000	45,585,333	48,192,083	16,287,317	269,784,416
Accumulated depreciation								
At 1/1/2016	400,069	23,067,678	28,892,009	311,267	21,383,329	22,023,969	16,287,317	112,365,638
Charge for the year	600,103	7,485,234	10,010,895	134,467	4,572,553	7,433,099	-	30,236,351
Disposals	-	-	-	(355,733)	(2,251,770)	(9,345)	-	(2,616,848)
At 31/12/2016	1,000,172	30,552,912	38,902,904	90,001	23,704,112	29,447,723	16,287,317	139,985,141
Net book value - 31/12/16	58,410,028	9,157,097	21,246,570	359,999	21,881,221	18,744,360	-	129,799,275
2015								
Cost - At 1/1/2015	-	30,671,279	67,346,141	667,000	61,434,519	47,926,354	16,287,317	224,332,610
Additions	59,410,200	1,521,000	-	-	-	-	-	60,931,200
Disposals/write-offs	-	-	(7,196,667)	-	(14,384,654)	-	-	(21,581,321)
At 31/12/2015	59,410,200	32,192,279	60,149,474	667,000	47,049,865	47,926,354	16,287,317	263,682,489
Accumulated depreciation								
At 1/1/2015	-	15,309,831	23,823,781	177,867	31,291,196	17,116,767	16,287,317	104,006,759
Charge for the year	400,069	7,757,847	11,145,561	133,400	4,476,787	4,907,202	-	28,820,866
Disposals	-	-	(6,077,333)	-	(14,384,654)	-	-	(20,461,987)
At 31/12/2015	400,069	23,067,678	28,892,009	311,267	21,383,329	22,023,969	16,287,317	112,365,638
Net book value - 31/12/15	59,010,131	9,124,601	31,257,465	355,733	25,666,536	25,902,385	-	151,316,851
2014								
Cost - At 1/1/2014	-	19,968,479	28,133,510	667,000	61,314,769	48,535,704	16,287,317	174,906,779
Additions	-	10,702,800	42,477,631	-	1,189,750	1,064,200	-	55,434,381
Disposals/write-offs	-	-	(3,265,000)	-	(1,070,000)	(1,673,550)	-	(6,008,550)
At 31/12/2014	-	30,671,279	67,346,141	667,000	61,434,519	47,926,354	16,287,317	224,332,610
Accumulated depreciation								
At 1/1/2014	-	8,984,877	15,616,807	44,467	23,819,729	11,587,387	13,080,093	73,133,360
Charge for the year	-	6,324,954	11,471,974	133,400	8,200,264	6,517,962	3,207,224	35,855,778
Disposals	-	-	(3,265,000)	-	(728,797)	(988,582)	-	(4,982,379)
At 31/12/2014	-	15,309,831	23,823,781	177,867	31,291,196	17,116,767	16,287,317	104,006,759
Net book value - 31/12/14	-	15,361,448	43,522,360	489,133	30,143,323	30,809,587	-	120,325,851

Notes to the financial statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
16 Inventories		<i>Restated</i>	<i>Restated</i>
IFRS Bound volumes	4,502,305	8,469,160	4,606,982
Amounts written-off	(4,502,305)	(3,503,450)	-
	<u>-</u>	<u>4,965,710</u>	<u>4,606,982</u>
17 Prepaid rent and rates		<i>Restated</i>	<i>Restated</i>
At 1 January	27,422,837	3,687,258	2,908,304
Paid during the year	67,283,000	48,081,722	25,860,576
Amortised	(21,962,267)	(24,346,143)	(25,081,622)
	<u>72,743,570</u>	<u>27,422,837</u>	<u>3,687,258</u>
At 31 December			
Non-current	33,036,855	-	-
Current	39,706,715	27,422,837	3,687,258
	<u>72,743,570</u>	<u>27,422,837</u>	<u>3,687,258</u>
18 Investment securities		<i>Restated</i>	<i>Restated</i>
At 1 January	-	-	-
Additions	-	-	-
Changes in fair value recognised in profit or loss	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December			
19 Bank balances			
<i>(a) Current accounts:</i>			
Central Bank of Nigeria – TSA	597,730,481	(58,092,134)	-
Central Bank of Nigeria - other	170,452	170,452	170,452
Commercial banks	-	20,552,360	111,281,832
	<u>597,900,933</u>	<u>(37,369,322)</u>	<u>111,452,284</u>
<i>(b) Restricted balances - IFRS Academy funds: (note 26)</i>			
Central Bank of Nigeria – (TSA)	174,976,173	111,534,648	-
Access Bank Plc	-	-	57,712,273
Guaranty Trust Bank Plc	-	-	49,720,040
Zenith Bank Plc	676,568,980	691,575,707	744,154,822
	<u>851,545,153</u>	<u>803,110,355</u>	<u>851,587,135</u>
	<u>1,449,446,086</u>	<u>765,741,033</u>	<u>963,039,419</u>
20 General reserve fund			
At 1 January	19,198,144	210,044,403	398,838,223
Surplus/(deficit) for year	247,171,540	(190,846,259)	(188,793,820)
	<u>266,369,684</u>	<u>19,198,144</u>	<u>210,044,403</u>

Notes to the financial statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
21 Payable to Consolidated Revenue Fund (CRF)		<i>Restated</i>	<i>Restated</i>
At 1 January	(247,640,193)	(174,455,129)	48,300,010
Payable for the year	497,158,602	-	-
Remittances during the year	(701,560)	(73,185,064)	(222,755,139)
	<u>248,816,849</u>	<u>(247,640,193)</u>	<u>(174,455,129)</u>
The Fiscal Responsibility Act requires the Council to remit 80% of its annual operating surplus to the Consolidated Revenue Fund (CRF). In prior years, the Council made provisional remittances to CRF on the basis of 25% of its internally generated revenue. The amount payable to CRF recognised above is estimated in accordance with the Fiscal Responsibility Commission's guidelines as follows:			
Surplus/(deficit) per income statement	632,099,982	(116,781,626)	(79,041,943)
Add back:			
i Unallowable provision	-	-	-
ii Excess depreciation/amortisation	-	-	-
iii Donations	350,000	-	8,700,000
iv Capital expenditure	-	-	-
v Benefits-in-kind	-	-	-
vi Political expenses	-	-	-
vii Subscriptions	-	-	-
viii Unbudgeted expenses	-	-	-
ix Undisclosed income	-	-	-
x Unremitted taxes	-	-	-
Deduct:			
i Under depreciation/amortisation	-	-	-
ii Approved expenses - capital expenditure	(11,001,730)	(60,931,200)	(55,434,381)
Operating surplus/(deficit)	<u>621,448,252</u>	<u>(177,712,826)</u>	<u>(125,776,324)</u>
Payable to Consolidated Revenue Fund 80%	<u>497,158,602</u>	<u>-</u>	<u>-</u>
22 Accounts payable			
Accrued expenses	20,005,126	4,090,045	5,949,544
Fair value interest payable on staff loans	3,259,405	-	-
Audit fee	5,000,000	5,000,000	5,000,000
Payroll taxes	-	2,847,823	-
Contribution to staff pension funds	-	23,779,731	1,125,406
Deferred income	-	5,000,000	-
Withholding tax	11,003,323	15,389,952	7,865,770
Deposit for statement of accounting standards	75,000	-	-
	<u>39,342,854</u>	<u>56,107,551</u>	<u>19,940,720</u>

Notes to the Financial Statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
23 Reconciliation of net income to net cash provided by operating activities		<i>Restated</i>	<i>Restated</i>
Surplus/(deficit) for the year	632,099,982	(116,781,626)	(79,041,943)
<i>Adjustment to reconcile surplus/(deficit) to net cash flow from operations:</i>			
Donations recycled through statement of surplus or deficit	-	(82,135,079)	(17,968,194)
Donations recycled into equity (Note 29)	-	-	(47,824,876)
Provision for retirement benefit obligation	67,448,934	48,109,393	17,492,166
Depreciation of property, plant and equipment (Note 15)	30,236,351	28,820,866	35,855,778
Gain on disposal of property, plant and equipment	-	(269,167)	-
Cash generated from operations	<u>729,785,267</u>	<u>(122,255,613)</u>	<u>(91,487,069)</u>
Changes in assets and liabilities:			
(Increase)/decrease in inventories	4,965,710	(358,728)	(2,999,653)
(Increase)/decrease in loans and receivables	(27,974,957)	11,954,167	27,967,480
(Increase)/decrease in prepaid rent and rates	(45,320,733)	(23,735,579)	(778,954)
Increase/(decrease) in payables	<u>(16,764,697)</u>	<u>36,166,831</u>	<u>(7,781,246)</u>
	<u>(85,094,677)</u>	<u>24,026,691</u>	<u>16,407,627</u>
Net cash from operating activities	<u>644,690,590</u>	<u>(98,228,922)</u>	<u>(75,079,442)</u>
24 Contingent liabilities			
The Council had no contingent liabilities as at 31 December 2016 (2015: nil).			
25 Capital commitments			
The Council had no capital commitments as at 31 December 2016 (2015: nil).			
26 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 2016 that have not been adequately provided for or disclosed.			

Notes to the Financial Statements

Year ended 31 December 2016

	2016 NGN	2015 NGN	2014 NGN
27 Emoluments of Directors and Employees		<i>Restated</i>	<i>Restated</i>
Directors			
The remuneration paid to the Directors of the Council was :			
Fees and allowances	-	-	-
Executive compensation	28,000,000	28,000,000	28,000,000
	<u>28,000,000</u>	<u>28,000,000</u>	<u>28,000,000</u>
Emoluments disclosed above include amounts paid to :			
The chairman	-	-	-
The highest paid Director	<u>28,000,000</u>	<u>28,000,000</u>	<u>28,000,000</u>
Employees			
Average number of employees (by function):	Number	Number	Number
Finance & Accounts	7	7	7
Inspections & Monitoring	5	5	6
Accounting, Auditing & Actuarial Standards	7	9	3
Research & Policy	6	6	5
Corporate Governance	2	-	-
Human Capital Management	24	25	28
Information Technology	2	2	2
Registration	10	9	11
Legal and Internal Audit	2	2	2
	<u>65</u>	<u>65</u>	<u>64</u>
Remuneration for the above persons was:	NGN	NGN	NGN
Salaries and wages	361,540,437	291,565,543	330,777,278
Retirement benefit costs	<u>67,448,934</u>	<u>48,109,393</u>	<u>17,492,166</u>
	<u>428,989,371</u>	<u>339,674,936</u>	<u>348,269,444</u>
The numbers of employees of the Council other than directors, who received emoluments in the	Number	Number	Number
Below N1million	37	38	42
1,000,001 - 2,500,000	18	21	16
2,500,001 - 5,000,000	4	5	5
5,000,001 - 7,500,000	5.00	-	-
7,500,001 - 10,000,000	-	-	-
10,000,001 - 12,500,000	-	-	-
12,500,001 - 15,000,000	-	-	-
15,000,001 - 17,500,000	-	-	-
17,500,001 - 20,000,000	-	-	-
20,000,001 - 25,000,000	-	-	-
25,000,000 - 30,000,000	1	1	1
	<u>65</u>	<u>65</u>	<u>64</u>

Notes to the Financial Statements

Year ended 31 December 2016

28 Retirement benefits

(a) Define 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. The council contributes 10% of employees emolument and the employees contribute 8% of same, with the contribution remitted to the designated PFAs monthly in arrears.

The total expense recognised in the statement of surplus or deficit represents the annual contributions payable by the Council at rate specified above, while the related amounts in the statement of financial position represented unremitted contributions at the period end (2016: Nil, 2015: N23,779,731 and 2014: N1,125,406).

(b) Define benefits plan

The Council operates 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 benefits expense recognised in profit or loss, the actuarial gain/loss recognised in OCI and the amounts recognised in the statements of financial position:

	2016 NGN	2015 NGN <i>Restated</i>	2014 NGN <i>Restated</i>
Retirement benefit obligation at January	319,626,845	197,452,819	70,208,776
<i>Benefits cost for the year:</i>			
Current service cost	27,647,939	17,414,898	6,567,912
Interest cost	39,800,995	30,694,495	10,924,254
Net amount recognised in profit or loss	67,448,934	48,109,393	17,492,166
Actuarial (gain)/loss recognised in OCI	(112,230,160)	74,064,633	109,751,877
	(44,781,226)	122,174,026	127,244,043
Retirement benefit obligation at December	274,845,619	319,626,845	197,452,819

Sensitivity Analysis

The sensitivity of the defined benefit obligation as at 31 December 2016, to changes in discount rate and salary increase assumptions is as follows:

	2016	2015	2014
	%	%	%
Effect of 1% increase or decrease in Discount rate	16	15	14
Effect of 1% increase or decrease in Salary Increase rate	16.5	15.5	14.5

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 valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted. The liability were recalculated to show the effect of:

- The discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate
- The salary increase assumption on the defined benefit 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 2016

29 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 the adoption of international accounting standards in Nigeria. Consequently and towards this purpose, the Council received a net amount of N917,217,932 (nine hundred and seventeen million two hundred and seventeen thousand nine hundred and thirty-two naira) from donors. The Council is in the process of incorporating 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.

Grantee	2016 NGN	2015 NGN	2014 NGN
		<i>Restated</i>	<i>Restated</i>
Academy Press plc	-	-	250,000
Access Bank plc	-	-	150,000,000
Akintola Williams Deloitte	-	-	2,500,000
Asset Management Company of Nigeria	-	-	10,000,000
Association of National Accountants of Nigeria	-	-	500,000
Baker Tilly Nigeria	-	-	200,000
Bankers' Committee (via Central Bank of Nigeria)	-	-	442,000,000
Diamond Bank plc	-	-	10,000,000
Federal Inland Revenue Service	-	-	12,500,000
First Bank of Nigeria plc	-	-	104,000,000
Guaranty Trust Assurance plc	-	-	500,000
Guaranty Trust Bank plc	-	-	50,000,000
Individual donors (five persons, N50,000 each)	-	-	250,000
Julius Berger Nigeria plc	-	-	4,900,000
National Pension Commission	-	-	2,000,000
Nexans KableMetal Nigeria plc	-	-	10,000
Nigeria Deposit Insurance Corporation	-	-	33,100,000
PricewaterhouseCoopers	-	-	5,000,000
Standard Alliance Life Assurance Plc	-	-	500,000
United Bank for Africa plc	-	-	26,000,000
Unity Bank Plc	-	-	1,000,000
Zenith Bank plc	-	-	100,000,000
Gross amount received	-	-	955,210,000
Fund raising expenses	-	-	(38,828,972)
Net receipt	-	-	916,381,028
Balance, start of year	803,110,355	851,587,135	-
Interest accretion	48,434,798	33,658,299	999,177
Utilisations recognised as income in profit or loss:			
IASB subscription for 2011, 2012 and 2013	-	-	(47,824,876)
IASB subscription for 2015 and 2014	-	(22,724,879)	(17,968,194)
Landed property acquired for IFRS Academy Building	-	(59,410,200)	-
Balance of Grant liability at 31 December	851,545,153	803,110,355	851,587,135

Statement of Value Added

Year ended 31 December 2016

		2016 NGN		2015 NGN
Gross revenue		1,551,269,690		663,197,230
Technical and administrative expenses		(347,713,826)		(485,547,687)
Value added		<u>1,203,555,864</u>		<u>177,649,543</u>
Distribution:				
Employees (staff cost)	36%	428,989,371	191%	339,674,936
Government (payable to Consolidated Revenue Fund)	41%	497,158,602	0%	-
For asset replacement (depreciation)	3%	30,236,351	16%	28,820,866
Expansion (retained on the business)	20%	247,171,540	-107%	(190,846,259)
Value added	100%	<u>1,203,555,864</u>	100%	<u>177,649,543</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

	2016 NGN	2015 NGN	2014 NGN	2013 NGN	2012 NGN
Statement of financial position					
Assets					
Property, plant and equipment	129,799,275	151,316,851	120,325,851	90,696,413	105,446,672
Accounts receivable	7,529,168	-	805,556	7,959,239	-
Prepaid rent and rates	33,036,855	-	-	2,908,304	3,440,404
Restricted bank balances	851,545,153	803,110,355	851,587,135	-	-
Inventories	-	4,965,710	4,606,982	1,607,329	1,336,000
Loans and receivables	21,402,060	956,271	12,104,882	32,918,679	1,398,083
Receivable from CRF	-	247,640,193	174,455,129	-	-
Prepaid rent and rates	39,706,715	27,422,837	3,687,258	-	-
Bank balances	597,900,933	-	111,452,284	397,902,005	45,222,560
Total assets	1,680,920,159	1,235,412,217	1,279,025,077	533,991,969	156,843,719
Liabilities					
IFRS Academy fund	851,545,153	803,110,355	851,587,135	-	-
Retirement benefit obligation	274,845,619	319,626,845	197,452,819	-	-
Payable to Consolidated Revenue Fund	248,816,849	-	-	-	-
Accounts payable	39,342,854	56,107,551	19,940,720	162,676,329	96,619,454
Bank overdraft	-	37,369,322	-	-	-
Total liabilities	1,414,550,475	1,216,214,073	1,068,980,674	162,676,329	96,619,454
Net assets	266,369,684	19,198,144	210,044,403	371,315,640	60,224,265
Represented by:					
General reserve fund	266,369,684	19,198,144	210,044,403	371,315,640	60,224,265
	-	-	-	-	-
Statement of surplus or deficit and other comprehensive income					
Revenue	1,551,269,690	663,197,230	989,662,517	1,187,520,943	624,541,540
Surplus/(Deficit) for year	744,330,142	(190,846,259)	(188,793,820)	563,919,294	(14,285,045)