



FINANCIAL REPORTING COUNCIL OF NIGERIA

**FINANCIAL STATEMENTS
31 DECEMBER 2025**

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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FINANCIAL REPORTING COUNCIL OF NIGERIA

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.
- Board Members** - The Council has no Board members as at the time of finalising these audited financial statements.(The President is yet to constitute Board members for the council)
- Address** - Alexander House (4th & 5th Floor) Plot 8
Jobi Fele Way, Alausa, Ikeja,
Lagos.
- Website** - <http://www.frcnigeria.gov.ng>
- Supervisory Ministry** - The Federal Ministry of Industry, trade and Investment
- Auditors** - PKF Professional Services
205A Ikorodu Road, Obanikoro
Lagos.
- Bankers** - The Central Bank of Nigeria

FINANCIAL REPORTING COUNCIL OF NIGERIA

MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Management submit their report together with the audited financial statements for the year ended 31 December 2025.

1. Legal form

The Financial Reporting Council of Nigeria (FRC) was established in June 2011 by the Financial Reporting Council of Nigeria (as amended) Act, 2023. 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.

	2025 N	2024 N
3. Operating result		
The financial performance for the year is as follows:		
Internally generated revenue (IGR)	39,173,334,881	15,446,276,057
Other income	<u>4,248,504</u>	<u>2,586,163</u>
Gross income	39,177,583,385	15,448,862,220
Staff cost	(1,101,657,310)	(748,298,498)
Administrative expenses	<u>(10,740,737,464)</u>	<u>(3,769,667,972)</u>
Net Income for the year	<u>27,335,188,611</u>	<u>10,930,895,750</u>
Appropriated as follows:		
Transfer to general reserve	9,564,705,498	2,497,882,002
Transfer to Statutory reserve	<u>17,770,483,113</u>	<u>8,433,013,748</u>
Total comprehensive surplus for the year	<u>27,335,188,611</u>	<u>10,930,895,750</u>

4. Board

The Board shall consist of -

- a) A chairman who shall be a professional accountant with cognate experience of at least ten years;
- b) One representative from each of the -
 - i. Association of National Accountants of Nigeria,
 - ii. Institute of Chartered Accountants of Nigeria,
 - iii. Office of the Auditor-General for the Federation,
 - iv. Chartered Institute of Stockbrokers,
 - v. Chartered Institute of Taxation of Nigeria,
 - vi. Ministry charged with the responsibility of supervising the activities of the Council,
 - vii. Ministry charged with the responsibility for finance,
 - viii. Nigerian Accounting Association,
 - ix. Nigerian Institute of Estate Surveyors and Valuers,
 - x. Institute of Directors of Nigeria, and
 - xi. Office of the Accountant-General of the Federation; and
- c) The Executive Secretary of the Council -

The Council currently has no governing Board members as at the time of finalising these audited financial statements. (The president is yet to constitute the Board of the council)

FINANCIAL REPORTING COUNCIL OF NIGERIA

MANAGEMENT'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

5. Staff Development, Health and Safety

The Council is committed to keeping staff abreast of developments in the 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

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

The Council currently has no governing Board members as at the time of finalising these audited financial statements.

7. Responsibility in Relation to the Financial Statements

The Financial Reporting Council of Nigeria Act requires the management 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;
- 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 management 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 Financial Reporting Council of Nigeria Act.

The management 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 management 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. Independent auditor

PKF Professional Services have indicated their willingness to continue in office.



Dr. Rabi Olowo
Executive Secretary/CEO
FRC/2020/PRO/ICAN/008/00000021804

Dated: 29 April 2026

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

CERTIFICATION OF AUDITED FINANCIAL STATEMENTS

Further to the provisions of section 405 of the Companies and Allied Matters Act 2020, we the Executive Secretary/CEO and Chief Financial Officer of Financial Reporting Council Of Nigeria respectively hereby certify as follows:

- a. That we have reviewed the Audited Financial Statement (AFS) of the Council for the year ended 31 December 2025.
- b. That the AFS represents the true and correct financial position of our Council as at the said date of 31 December 2025.
- c. That the AFS does not contain any untrue statement of material fact or omit to state material fact, which would make the statement misleading.
- d. That the AFS fairly represent, in all material respect, the financial condition and results of operations of the Council as of and for the year ended 31 December 2025.
- e. That we are responsible for establishing and maintaining internal controls and affirm that the Council's internal controls were effective as of 31 December 2025.
- f. That all significant deficiencies in the design or operation of internal control which could adversely affect the Council's ability to record, process, summarize and report financial data have been disclosed to the Independent Auditors.



Dr. Rabi Olowo
Executive Secretary/CEO
FRC/2020/PRO/ICAN/008/00000021804

Dated: 29 April 2026



Charles Ose Odafen
Chief Financial Officer
FRC/2024/PRO/ICAN/001/743499

Dated: 29 April 2026

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Management's Report on the Assessment of Internal Control Over Financial Reporting as at 31 December 2025

The Management of Financial Reporting Council Of Nigeria ("the Council") is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Financial Reporting Council Of Nigeria's system of internal control over financial reporting is supported with written policies and procedures, contains self-monitoring mechanisms, and is audited by the internal audit consultant. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

Management has assessed the effectiveness of its internal control over financial reporting as of 31 December 2025. In making this assessment, management used the COSO 2013 "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of 31 December 2025, the Council's internal control over financial reporting is designed and operating effectively. Additionally, based upon management's assessment, the Council determined that there were no material weaknesses in its internal control over financial reporting as of 31 December, 2025.

The effectiveness of the Council's internal control over financial reporting as of 31 December 2025, has been audited by PKF Professional Services, an independent registered public accounting firm, as stated in their report which appears on pages 7 and 8.



Dr. Rabi Olowo
Executive Secretary/CEO
FRC/2020/PRO/ICAN/008/0000021804

Dated: 29 April 2026



Charles Ose Odafen
Chief Financial Officer
FRC/2024/PRO/ICAN/001/743499

Dated: 29 April 2026

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Certification

I, **Dr. Rabi Olowo**, certify that:

- a) I have reviewed this ICFR report of **Financial Reporting Council Of Nigeria**.
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Council as of, and for, the period presented in this report;
- d) The Council's other certifying officer(s) and I:
 - 1) are responsible for establishing and maintaining internal controls;
 - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Council is made known to us, particularly during the period in which this report is being prepared;
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - 4) have evaluated the effectiveness of the Council's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The Council's other certifying officer(s) and I have disclosed, based on our most recent evaluation of the internal control system, to the Council's auditors and Management (or persons performing the equivalent functions):
 - 1) There were no significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Council's ability to record, process, summarize and report financial information; and
 - 2) There were no fraud, whether or not material, that involves management or other employees who have a significant role in the Council's internal control system.
- f) The Council's other certifying officer(s) and I have identified in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Dr. Rabi Olowo
Executive Secretary/CEO
FRC/2020/PRO/ICAN/008/00000021804

Dated: 29 April 2026



PKF Professional Services
PKF House
205A Ikorodu Road, Obanikoro,
Lagos, Nigeria.
P. O. Box 2047, Marina, Lagos.

+234 (0) 903 000 1351
info@pkf-ng.com
www.pkf-ng.com

**Independent Auditor's Attestation Report on
Management's Assessment of Internal Controls over Financial Reporting**

To the Shareholders of Financial Reporting Council Of Nigeria

Attestation

We have performed a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of **Financial Reporting Council Of Nigeria** as of 31 December 2025, in compliance with the SEC Guidance on Implementation of Section 88-91 of the investments and Securities Act 2025 (as amended) issued by the Securities and Exchange Commission and in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Council's internal control over financial reporting as of 31 December 2025 is not effective, in compliance with the SEC Guidance on Implementation of Section 88-91 of the investments and Securities Act 2025 (as amended) issued by the Securities and Exchange Commission and the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Basis for Attestation

We conducted a limited review assurance engagement on management's assessment of the effectiveness of internal control over financial reporting of Financial Reporting Council Of Nigeria ("the Council") as of 31 December 2025, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Our responsibilities under those sections and the guidance are further described in the Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting section of our report.

We are independent of the Council in accordance with the requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the internal control procedures over financial reporting in Nigeria.

We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Internal control procedures over financial reporting in Nigeria.

Responsibilities of the Management and Those Charged with Governance for maintaining effective internal control over financial reporting

The Management are responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, in accordance with requirement of Section 405 of the Companies and Allied Matters Act, 2020, in connection with Section 1.3 of SEC Guidance on implementation of Sections 88-91 of the investments and Securities Act 2025 (as amended) and in compliance with the FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria.

Auditor's Responsibilities for the Audit of the internal control procedures over financial reporting

Our responsibility is to express an opinion on the management's assessment of the effectiveness of the Council's internal control over financial reporting based on our limited review.

We conducted our limited review assurance engagement in accordance with "the Guidance", which requires that we planned and performed the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included:

- * obtaining an understanding of internal control over financial reporting,
- * assessed the risks that a material weakness may exist, and
- * evaluated the result of the test of design and operating effectiveness of internal control based on the assessed risks.

Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition of Internal Control over Financial Reporting

The Council's internal control over financial reporting is process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Acceptable Accounting Principles and includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Council.
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Council are being made only in accordance with authorisations of management and direction of the Council; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Council's assets that could have a material effect on the financial statements.

Limitations of Internal Control over Financial Reporting

Because of such limitations, Internal Control over Financial Reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. The major limitation are:

- a) Internal Control over Financial Reporting cannot provide absolute assurance due to its inherent limitations
- b) it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures.
- c) It can be circumvented by collusion or improper management override.

Other Information

We have also audited, in accordance with the requirements of International Standards on Auditing, the financial statements of the **Financial Reporting Council Of Nigeria** and our report dated 29 April 2026 expressed an unqualified opinion.


Benson O. Adejayan, FCA
FRC/2013/PRO/ICAN/004/00000002226
For: **PKF Professional Services**
FRC/2023/COY/141906
Chartered Accountants
Lagos, Nigeria

Dated: 29 April 2026



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 (the Council)**, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss 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 Council as at 31 December 2025, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs), and the Financial Reporting Council of Nigeria (as amended) Act, 2023.

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 Information

The Management are responsible for the other information. The other information comprises the Executive Secretary/CEO's Report and Management Responsibilities 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 Management and Those Charged with Governance for the Financial Statements

The management 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 (as amended) Act, 2023, and for such internal control as the Management 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 management 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 management 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:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded 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.
- Evaluated 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 communicated 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.

Report on other Legal and Regulatory Requirements

In accordance with the requirement of the fifth schedule of the Companies and Allied Matters Act, 2020, 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) The Council has kept proper books of account, so far as it appears from our examination of those books;
- iii) The Council's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirement of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on managements assessment of the Council's internal control over financial reporting as of 31 December 2025. The work performed was done in accordance with ISAE 3000 Revised Assurance Engagement Other Than Auditor Reviews of Historical Financial Reporting. We have issued an unmodified conclusion in our report dated **29 April 2026**. The report is included in the annual report.



Benson Adelayan, FCA
FRC/2013/PRO/ICAN/004/00000002226
For: **PKF Professional Services**
FRC/2023/COY/141906
Chartered Accountants
Lagos, Nigeria

Dated: 29 April 2026



FINANCIAL REPORTING COUNCIL OF NIGERIA


STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2025

	Note	2025 N	2024 N
Assets			
Non-current assets			
Property, plant and equipment	12	6,008,989,980	837,255,260
Intangible asset	13	<u>256,422,819</u>	<u>226,072,220</u>
Total non-current assets		<u>6,265,412,799</u>	<u>1,063,327,480</u>
Current assets			
Inventories	10	62,363,523	13,832,044
Account receivables	11	33,443,482	702,236,480
Other assets	14	300,589,453	103,225,433
Cash and cash equivalents	15	<u>8,169,280,312</u>	<u>2,265,570,526</u>
Total current assets		<u>8,565,676,770</u>	<u>3,084,864,483</u>
Total assets		<u>14,831,089,569</u>	<u>4,148,191,963</u>
Equity and liabilities			
Equity			
General reserve fund	16	29,920,686,599	2,106,749,991
Statutory reserve (CRF)	17	<u>(17,215,220,738)</u>	<u>-</u>
Total equity		<u>12,705,465,861</u>	<u>2,106,749,991</u>
Non-current liabilities			
IFRS Academy grant	20	757,860,442	591,676,183
Other grant		-	-
Retirement benefit obligations	19	<u>943,549,594</u>	<u>1,305,144,130</u>
Total non-current liabilities		<u>1,701,410,036</u>	<u>1,896,820,313</u>
Current liabilities			
Other liabilities	18	<u>424,213,672</u>	<u>144,621,659</u>
Total current liabilities		<u>424,213,672</u>	<u>144,621,659</u>
Total liabilities		<u>2,125,623,708</u>	<u>2,041,441,972</u>
Total equity and liabilities		<u>14,831,089,569</u>	<u>4,148,191,963</u>

The financial statements were authorized for issue on 29 April 2026 and signed on behalf of the council by:



 Dr. Rabi Olowo, FRC/2020/PRO/ICAN/008/00000021804
 Executive Secretary/CEO



 Charles Ose Odafen, FRC/2024/PRO/ICAN/001/743499
 Chief Financial Officer

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

FINANCIAL REPORTING COUNCIL OF NIGERIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 N	2024 N
Continued operations			
Income			
Internally generated revenues	5	39,173,334,881	15,446,276,057
Other incomes	6	<u>4,248,504</u>	<u>2,586,163</u>
Gross income		39,177,583,385	15,448,862,220
Expenses			
Staff costs	7	(1,101,657,310)	(748,298,498)
Administrative expenses	8	<u>(10,740,737,464)</u>	<u>(3,769,667,972)</u>
Net income for the year		<u>27,335,188,611</u>	<u>10,930,895,750</u>
Other comprehensive income			
Items that will not be reclassified subsequently to income statement:			
Actuarial gain for the year		<u>478,747,994</u>	<u>-</u>
Other comprehensive income/(loss) for the year		<u>478,747,994</u>	<u>-</u>
Total comprehensive income for the year		<u><u>27,813,936,605</u></u>	<u><u>10,930,895,750</u></u>
Appropriated as follows:			
Transfer to general reserve	16	9,564,705,498	2,497,882,002
Transfer to Statutory Reserve	17	<u>17,770,483,113</u>	<u>8,433,013,748</u>
		<u><u>27,335,188,611</u></u>	<u><u>10,930,895,750</u></u>

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

FINANCIAL REPORTING COUNCIL OF NIGERIA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	General reserve fund N	Statutory Reserve (CRF) N	Total N
At 1 January 2024	<u>(1,156,482,528)</u>	<u>61,790,013</u>	<u>(1,094,692,515)</u>
Changes in equity for 2024:			
Transferred from income statement and other comprehensive income	2,497,882,002	8,433,013,748	10,930,895,750
Transfer to statutory reserve (CRF)	765,350,517	(765,350,517)	-
Direct deduction from statutory reserve (CRF)	-	(7,729,453,244)	(7,729,453,244)
	<u>-</u>	<u>(7,729,453,244)</u>	<u>(7,729,453,244)</u>
At 31 December 2024	<u>2,106,749,991</u>	<u>-</u>	<u>2,106,749,991</u>
At 1 January 2025	<u>2,106,749,991</u>	<u>-</u>	<u>2,106,749,991</u>
Changes in equity for 2025:			
Transferred from income statement and other comprehensive income	9,564,705,498	-	9,564,705,498
Transfer to statutory reserve (CRF)	18,249,231,110	-	18,249,231,110
Direct deduction from statutory reserve (CRF)	-	-	-
	<u>(17,215,220,738)</u>	<u>-</u>	<u>(17,215,220,738)</u>
At 31 December 2025	<u>12,705,465,861</u>	<u>-</u>	<u>12,705,465,861</u>

FINANCIAL REPORTING COUNCIL OF NIGERIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 N	2024 N
Cash flows from operating activities			
Net income for the year		27,335,188,611	10,930,895,750
Adjustment to reconcile deficit to net cash flow from operations:			
Depreciation of property, plant and equipment	12	160,069,533	121,917,360
Gain on disposal of property, plant and equipment	6	<u>(1,580,039)</u>	<u>(28,088)</u>
Cash generated from operations		<u>27,761,855,414</u>	<u>11,052,785,022</u>
Changes in assets and liabilities:			
Inventories	10	(48,531,479)	(13,832,044)
Account receivables	11	668,793,001	(693,431,911)
Other assets	14	(197,364,020)	33,077,434
IFRS Academy grant	20	166,184,259	(166,184,259)
Other liabilities	18	<u>279,592,013</u>	<u>105,171,378</u>
		868,673,774	(735,199,402)
Retirement benefit obligations paid	19.1	<u>(151,023,851)</u>	<u>(349,668,275)</u>
Net cash from/(used in) operating activities		<u>28,479,505,337</u>	<u>9,967,917,345</u>
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	6	1,580,039	28,088
Purchase of property, plant and equipment	12	(5,331,804,253)	(538,295,925)
Acquisition of intangible assets	13	<u>(30,350,599)</u>	<u>(217,472,220)</u>
Net cash used in investing activities		<u>(5,360,574,813)</u>	<u>(755,740,057)</u>
Cash flows from financing activities			
Direct deduction into CRF	17	17,770,483,113	(7,729,453,244)
Direct deduction into CRF		<u>(34,985,703,851)</u>	<u>-</u>
Net cash used in financing activities		<u>(17,215,220,738)</u>	<u>(7,729,453,244)</u>
Net decrease in cash and cash equivalents		5,903,709,786	1,482,724,044
Cash and cash equivalents at 1 January		<u>2,265,570,526</u>	<u>782,846,482</u>
Cash and cash equivalents at 31 December	15	<u>8,169,280,312</u>	<u>2,265,570,526</u>

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

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

1. General Information

1.1 Reporting entity

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

1.2 Corporate office

The Council's registered office is at 4th & 5th floor, Plot 8 Block K, Otunba Jobi Fele Way, Alausa, Ikeja, Lagos.

1.3 Principal Activities

The principal activities of the Council includes 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 statutory objectives of the Council are 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 Statement of compliance with IFRSs

The Council's financial statements for the year ended 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act, No. 42, 2023 (as amended). Additional information required by local regulators is included where appropriate.

2.2 Composition of Financial statements

The financial statements comprise of the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equities, the statement of cashflows and notes to the financial statements.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis as stated in the accounting policies, except for financial assets or liabilities, which were measured at fair value.

2.4 Going concern status

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as and when due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity. Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

2.5 Functional and presentation currency

These financial statements are presented in Nigerian Naira which is the Council's functional currency. Except otherwise indicated, financial information is presented in Nigerian Naira.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

2.6 Critical accounting estimates and judgement

The Council makes estimate and assumption regarding the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change if the change affects that period only or in the period of change and future period, if the change affects both.

The estimates and assumptions that have significant risks of causing material adjustment to the carrying amount of assets and liabilities within the next financial are discussed below:

a) Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exist.

b) Asset useful lives and residual value:

Property, plant and equipment are depreciated over their useful lives, taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

c) Provisions/Contingencies

Provisions are liabilities of uncertain timing and are recognised when the entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount that has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

d) 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 Responsivity 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.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

e) Allowances on staff costs

In assessing collective impairment, the Council uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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. Losses are recognized in income statement and reflected in an allowance account against receivables. Interest on the impaired asset where applicable continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of surplus or deficit and other comprehensive income.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.1. New standards, interpretations and amendments effective from 1 January 2025

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of new IFRSs. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2025.

In the current year, the Council has applied the following amendment to IFRS Accounting Standards issued by the IASB, which is mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to the following standard(s) became effective in the annual period starting from 1 January, 2025. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

3.1.1. Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The Council has adopted the amendments to IAS 21 for the first time in the current year.

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

3.2 Standards and Interpretations Issued but not yet Effective

The Council has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2026. The Directors anticipate that the new standards and amendments will be adopted in the Council's financial statements when they become effective. The Council has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

3.2.1.1. Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- * clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- * clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- * add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- * update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Director of the Council anticipate that the application of these amendments may not have material impact on the fund's operations or financial statements in future periods.

3.2.1.2. IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements.

The Director of the Council anticipate that the application of these amendments may not have material impact on the fund's operations or financial statements in future periods.

3.2.1.3. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

"IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements."

The new standard introduces the following key new requirements:

- * Entities are required to classify all income and expenses into five categories in the statement of profit or loss. Namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities net profit will not change.
- * Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- *Enhances guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit sub-total as the starting points for the statement of cash flows when presenting operating cash flows under the indirect method.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

Management is currently assessing the detailed implications of applying the new standard on the Council's financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

*Although the adoption of IFRS 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

- IFRS 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position.

*The Council does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;

- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

- for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

* From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Council will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

4. Summary of material 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.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.1 Revenue recognition

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:

a) Annual levies

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 are payable annually by member organisations of the Council as defined in Section 2 of the Act. Levies and subscriptions are recognised upon collection.

b) Budgetary Allocations and Subventions

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

c) Fines and Penalties

Fines and penalties are sanctions imposed by the Council and are recognised upon collection.

d) Fees from services rendered

The Council's services include consultancy services, training through workshops, seminars and conferences and are recognised upon rendering of service.

e) 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.

4.2 Other income

Other income comprises registration services, sale of scraps, interest on staff loans and sale of publications.

4.3 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.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.4 Financial instruments

Financial instruments carried at statement of financial position date include receivables, cash and cash equivalents, and payables. Financial instruments are recognised initially at fair value, plus, any directly attributable transaction costs except for financial instruments classified as at fair value through profit or loss, which are initially measured at fair value excluding transaction cost.

4.4.1 Offsetting

An entity shall not offset assets and liabilities or income and expenses unless required or permitted by an IFRS. Both assets and liabilities, income and expenses are reported separately as required by the IAS 1.

4.4.2 Classification of Financial Instruments

IFRS 9 distinguishes three different financial instruments, namely debt instruments, derivatives and equity instruments. Debt instruments are contractual obligations of the issuer to repay the lender in accordance with a specified maturity and under the contractual terms, Derivatives are financial contracts that derive their value from one or more underlying assets. The last category is equity instruments, these are contracts that act as legally recognised evidence of ownership rights in an enterprise.

4.4.3 Measurement of Financial Instruments

The Council recognises three different accounting policies for financial instruments. These principles determine the value of the financial instruments on the balance sheet.

- * Amortised cost price
- * Fair value through comprehensive income
- * Fair value through profit or loss.

4.4.4 Debt instruments

Amortised Cost – Debt instrument is measured at amortised cost where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

Fair value through other comprehensive income (FVOCI) - Debt instrument are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The asset is measured at fair value. Loans and receivables, Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognized in profit and loss on the same basis as for Amortized Cost assets. Changes in fair value are recognized initially in Other Comprehensive Income (OCI). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at FVOCI having the same effect on profit and loss as if it were measured at Amortized Cost.

4.4.5 Fair value through profit or loss (FVTPL) – Instruments that are not held in one of the two business models mentioned are measured at fair value through profit or loss. Changes in fair value are recognized in profit and loss as they arise.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.4.6 Equity instruments and derivatives

Equity instruments and derivatives are measured at FVTPL. However, on initial recognition, the Council may make an irrevocable election (on an instrument-by-instrument basis) to present in OCI the subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9. This option only applies to instruments that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Dividends are recognized when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognized in profit or loss unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in OCI. Changes in fair value are recognized in OCI and are never recycled to profit or loss, even if the asset is sold or impaired.

4.4.7 Write-off

When the Council has no reasonable expectations of recovery, a write-off event occurs. A write-off constitutes a derecognition event (either in full or in part). Therefore the gross carrying amount of a financial asset is reduced by the amount of the write-off that has been recognised in profit or loss.

4.4.8 Financial Liabilities Initial Recognition

Financial liability are recognized when and only when the entity becomes a party to the contractual provision of the instrument. Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognized initially at fair value and in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Council's financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

4.4.9 Subsequent Measurement

A financial liability subsequently measured based on their classification. A financial liability is classified at fair value through profit or loss if it meets one of the following conditions:

- It is held for trading, or
- It is designated by the entity as at fair value through profit or loss (note that such a designation is only permitted if specified conditions are met).

A financial liability is held for trading if it meets one of the following conditions:

- It is incurred principally for the purpose of repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

4.4.10 Derecognition of Financial Instrument

The Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset of another entity. If the Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

Cash and cash equivalents include balances held in the Treasury Single Account (TSA) with the Central Bank of Nigeria (CBN) and cash on hand. Funds held with CBN includes funds of the council and the IFRS Academy funds. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.5 Property, plant and equipment

4.5.1 Initial costs

Property, plant, and equipment comprise land and other properties owned by the Council.

Items of Property plant and equipment are initially recognised at cost. They are therefore stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

4.5.2 Subsequent costs

The cost of replacing part of an item of property or 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 costs of the day-to-day servicing of property and equipment are recognised in the income statement as incurred.

4.5.3 Depreciation 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:

Class of assets	Useful lives
Land	Indefinite
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 available for use. 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. Land has an indefinite useful life and is not depreciated.

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.

4.5.4 De-recognition

Upon disposal of any item of property, plant and equipment or no future economic benefit is expected to flow from its use, such items are derecognized from the books. Gains or losses on disposal of assets are determined by comparing proceeds with carrying amounts and are recognized in the statement of surplus or deficit in the year of de-recognition.

4.5.5 Capital work-in-progress

Capital work-in-progress consists of on-going works that are not depreciable and will be transferred to the relevant property, plant and equipment categories upon completion.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.6 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually. Amortization periods and methods are reviewed annually and adjusted if appropriate.

Intangible assets are derognised on disposal or when no future economic benefits are expected from their use.

4.7 Leases

Contracts are assessed at inception to ascertain whether it is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is adopted for all leases , except for short-term leases and leases of low-value assets. The Council recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Right-of-use assets is recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Council and payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

iii) Short-term leases and leases of low-value assets

The Council applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Council does not have any leased assets categorised as low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

4.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. The cost of inventories is recognised 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.

4.9 Taxation

In line with the provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023, the Council shall be exempt from the payment of income tax on any income accruing from investments made by the Council. The provisions of any enactment relating to the taxation of companies or trust funds shall not apply to the Council.

4.10 Value added tax

Non-recoverable VAT paid in respect of an item of non capital nature is written off to statement of surplus or deficit. Non-recoverable VAT paid in respect of fixed assets is capitalised as part of the cost of fixed assets. The net amount owing to or due from the tax authority is included in receivables or payables.

4.11 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.

a) 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.

b) Contingent assets

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

c) 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.

4.12 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.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

4.13 Employee benefits

i) Retirement benefits

a) Defined contribution plan

The Council operates a defined contribution retirement benefit scheme for staff, in accordance with the Pension Reform Act 2014, 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.

b) Defined benefit plan

In addition, The 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 Ganiu Dare Shefiu (FRC/2017/PRO/NAS/00000017548 of Giant Consultants Limited (Actuaries, Financial & Human Resources Consultants), a Fellow of the Society of Actuaries, America, as an Independent Actuary for year 2025.(Firms registration FRC/2023/COY/335546)

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.

	2025 N	2024 N
5. Internally generated revenue		
Penalty	66,500,000	1,105,557,922
Annual dues	37,863,223,685	13,320,351,091
Registration fee	823,565,646	713,416,101
Seminar	22,368,679	2,280,000
Consultancy	397,676,871	304,670,943
	<u>39,173,334,881</u>	<u>15,446,276,057</u>
6. Other income		
Gain on disposal of property, plant and equipment	1,580,039	28,088
Tenders fees	2,156,161	486,425
Sale of sundry scrap	146,304	2,066,000
Others	366,000	5,650
	<u>4,248,504</u>	<u>2,586,163</u>

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

	2025 N	2024 N
7. Staff costs		
Salary and allowances	701,674,498	616,640,608
Staff Uniforms	-	1,602,000
Long Service Award	-	19,660,250
Pension and severance allowance	329,398,288	56,358,037
Medical expenses	65,060,552	42,850,646
Group life insurance	5,523,972	6,622,320
(Employee Compensation NSITF)	-	4,564,637
	<u>1,101,657,310</u>	<u>748,298,498</u>
8. Administrative expenses		
Conferences and seminars	219,047,834	190,168,471
Adverts and public relations	355,455,853	185,894,042
Standard regulations settings	199,356,799	252,156,315
Donations (Note 8.1)	49,650,000	26,750,000
Auditor's remuneration (Note 8.2)	10,000,000	5,500,000
Consultancy services (Note 8.3)	4,855,860,175	510,760,190
Electricity, water and sanitation	44,838,055	57,457,614
Education research and development	299,920,343	631,417,709
Entertainment & Hospitality	92,243,395	9,647,512
Stakeholder engagement	899,457,700	-
Newspaper & Publications	1,663,851	1,325,606
Welfare Package	265,143,292	153,312,571
General office	123,319,819	5,719,488
Training and staff development	994,597,284	621,240,265
NYSC & IT Allowance & Casual Staff	9,848,097	3,924,707
End of year Party	13,378,875	4,406,963
Promotion Exam Expenses	2,008,370	5,140,565
Local travels	198,892,832	167,840,219
Overseas travels	999,547,548	374,926,728
Computer Consumables	7,650,886	45,187,498
Computerization Maintenance Expenses	78,660,657	-
Repair and Maintenance of Motor Vehicles	19,983,888	15,712,126
Repair and Maintenance of Building	707,000	1,390,500
Repair and Maintenance of Plant & Machinery	2,564,960	2,433,263
Repair and Maintenance of Equip. Furni. & Fittings.	9,800,975	4,455,486
Fuel and Lubricant Expenses	71,679,932	58,545,611
Legal fees	8,062,500	9,137,500
Postages	8,946,144	1,453,112
Telephone Bill	139,992,546	47,170,167
Bandwidth Expenses	146,320,211	18,977,858
Printing and stationery	39,991,230	36,553,726
Depreciation of property, plant and equipment	160,069,533	121,917,360
Office rent	165,629,518	139,818,169
Audit & Budget Accounts review expenses	16,356,702	12,393,126
Insurance	13,396,747	7,538,565
Service charges	1,233,045	865,959
Monitoring and enforcement expenses	206,149,183	14,019,800
Transfer Benefits	2,031,931	18,474,280
Security personnel	7,279,753	6,034,900
	<u>10,740,737,464</u>	<u>3,769,667,972</u>

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2025

	2025 N	2024 N
8.1 Donations		
The following are the donees and the amount donated to them:		
Federal Ministry of Industry, Trade and Investment	6,000,000	6,000,000
Enugu State University of Technology (ESUT)	-	2,000,000
Hqube Consulting	-	2,000,000
Institute of Chartered Accountant of Nigeria	7,500,000	5,000,000
Institute of Directors	5,000,000	5,000,000
ICSAN - Lagos state chapter	8,000,000	3,000,000
Society for Corporate Government	2,000,000	3,000,000
Chartered Institute of Stockbrokers	2,000,000	-
Crescent University	2,000,000	-
Lagos Business School	2,000,000	-
Association of National Accountants of Nigeria	5,000,000	-
Associated of Certified Fraud examiners	2,150,000	-
Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN)	3,000,000	-
Association of Management and Social Sciences Researchers of Nigeria (AMSSRN)	5,000,000	-
Nigerian Bar Association (MBA)	-	750,000
	<u>49,650,000</u>	<u>26,750,000</u>
Provision of non-audit service		
8.2 The Firm did not provide any non-audit services to the Council during the year under review.		
8.3 Included in this amount are consultancy fee, agency fee paid in respect of the property acquired by the council for office building revenue optimization and assurance fee etc.		
9. Income tax		
The Council is tax-exempt under the Financial Reporting Council of Nigeria (as amended) Act, 2023.		
10. Inventories		
Stationery Stores	50,145,059	7,650,065
General Goods Store	5,351,115	1,580,248
ICT Store	6,867,349	4,601,731
Total	<u>62,363,523</u>	<u>13,832,044</u>
11. Account receivable		
Staff loans	24,207,549	51,585,227
Staff cash advance	9,235,933	4,668,653
Sundry debtors	-	644,803,600
Staff debtors	-	1,179,000
Net carrying amount	<u>33,443,482</u>	<u>702,236,480</u>
11.1 Analysis by maturity:		
Non-current	-	-
Current	<u>33,443,482</u>	<u>702,236,480</u>
	<u>33,443,482</u>	<u>702,236,480</u>

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2025

12. Property, plant and equipment

	Computer equipment N	Motor Vehicle N	Motorcycles N	Office equipment Furniture & fittings N	Office Improvement N	Library Books N	Capital work-In- Progress N	Total N
Costs:								
At 1 January 2024	115,351,754	230,699,432	390,000	126,315,886	68,489,467	1,902,936	207,000,000	750,149,475
Additions	-	413,248,546	1,472,750	85,606,223	37,358,406	510,000	-	538,195,925
Disposals	(561,750)	-	-	(1,562,385)	-	-	-	(2,124,135)
At 31 December 2024	<u>114,790,004</u>	<u>643,947,978</u>	<u>1,862,750</u>	<u>210,359,724</u>	<u>105,847,873</u>	<u>2,412,936</u>	<u>207,000,000</u>	<u>1,286,221,265</u>
At 1 January 2025	114,790,004	643,947,978	1,862,750	210,359,724	105,847,873	2,412,936	207,000,000	1,286,221,265
Additions	39,090,225	105,911,543	-	17,625,610	605,000	-	5,168,571,875	5,331,804,253
Commissioned	-	225,750,000	2,821,875	-	-	-	(228,571,875)	-
Disposals	(1,869,837)	(28,666,196)	-	-	-	-	-	(30,536,033)
At 31 December 2025	<u>152,010,392</u>	<u>946,943,325</u>	<u>4,684,625</u>	<u>227,985,334</u>	<u>106,452,873</u>	<u>2,412,936</u>	<u>5,147,000,000</u>	<u>6,587,489,485</u>
Accumulated depreciation/ impairment								
At 1 January 2024	82,676,354	114,061,924	149,500	65,203,176	66,066,212	1,015,614	-	329,172,780
Charge for the year	18,446,732	78,408,099	323,458	16,677,412	7,639,571	422,087	-	121,917,360
Disposals	(561,750)	-	-	(1,562,385)	-	-	-	(2,124,135)
At 31 December 2024	<u>100,561,336</u>	<u>192,470,023</u>	<u>472,958</u>	<u>80,318,203</u>	<u>73,705,783</u>	<u>1,437,701</u>	<u>-</u>	<u>448,966,005</u>
At 1 January 2025	100,561,336	192,470,023	472,958	80,318,203	73,705,783	1,437,701	-	448,966,004
Charge for the year	15,791,707	114,912,885	372,550	18,989,460	9,352,206	650,725	-	160,069,533
Disposals	(1,869,836)	(28,666,196)	-	-	-	-	-	(30,536,032)
At 31 December 2025	<u>114,483,207</u>	<u>278,716,713</u>	<u>845,508</u>	<u>99,307,663</u>	<u>83,057,988</u>	<u>2,088,426</u>	<u>-</u>	<u>578,499,505</u>
Carrying amount:								
At 31 December 2025	<u>37,527,185</u>	<u>668,226,612</u>	<u>3,839,117</u>	<u>128,677,671</u>	<u>23,394,885</u>	<u>324,510</u>	<u>5,147,000,000</u>	<u>6,008,989,980</u>
At 31 December 2024	<u>14,228,668</u>	<u>451,477,955</u>	<u>1,389,792</u>	<u>130,041,521</u>	<u>32,142,090</u>	<u>975,235</u>	<u>207,000,000</u>	<u>837,255,260</u>

- The depreciation charge for the year was included in the statement of profit or loss accounts and other comprehensive income.

- None of the Council's property and equipment has been pledged as collateral for borrowings.

- There is no impairment charge during the year.

- Capital work-in-progress: This is the payment made to Federal Ministry of Justice in respect of a property located at Lekki Peninsula, Lagos. The council has the intention of further developing the property before being used. The addition represent cost of office building located at 70 Allen Avenue Ikeja which is not yet available for use.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	FRCN registration portal N'000	FRCN Open journal N'000	Digital Technology N'000	Total N'000
13. Intangible assets - Company				
Cost:				
At 1 January 2024	8,600,000	-	-	8,600,000
Additions	<u>13,020,938</u>	-	<u>204,451,282</u>	<u>217,472,220</u>
At 31 December 2024	<u>21,620,938</u>	<u>-</u>	<u>204,451,282</u>	<u>226,072,220</u>
At 1 January 2025	21,620,938	-	204,451,282	226,072,220
Additions	<u>-</u>	<u>7,600,000</u>	<u>22,750,599</u>	<u>30,350,599</u>
At 31 December 2025	<u>21,620,938</u>	<u>7,600,000</u>	<u>227,201,881</u>	<u>256,422,819</u>
Carrying amount:				
At 31 December 2025	<u>21,620,938</u>	<u>7,600,000</u>	<u>227,201,881</u>	<u>256,422,819</u>
At 31 December 2024	<u>21,620,938</u>	<u>-</u>	<u>204,451,282</u>	<u>226,072,220</u>

13.1 The intangible assets is the Financial Reporting Council (FRCN) of Nigeria's registration and filing portal internally developed by Procentric Limited with design, development and implementation of the portal done in 2022. The FRCN has full control over the use and has an exclusive right to derive future benefit therefrom.

13.2 FRCN has an indefinite right to enjoy future benefit from the use of the portal.

13.3 FRCN Open journal system is a software used for the councils quarterly news letters. The software is also used by the general public to make contributions to the journal.

13.3 The portal is not amortised, but can only be tested for impairment. No impairment charge was passed during the year.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 N	2024 N
14. Other assets		
Prepaid rent and rates	122,730,000	23,333,325
Prepaid insurance	43,911,396	20,300,606
Sundry prepayment	<u>133,948,057</u>	<u>59,591,502</u>
	<u>300,589,453</u>	<u>103,225,433</u>
14.1 Analysis by maturity:		
Non-current	-	-
Current	<u>300,589,453</u>	<u>103,225,433</u>
	<u>300,589,453</u>	<u>103,225,433</u>
15. Cash and bank balances		
15.1 Cash	<u>2,290,241</u>	<u>2,148,591</u>
15.2 Current accounts with Central Bank of Nigeria:		
IFRS Special Grant	71,133,300	703,810,987
- Treasury Single Account - TSA	269,798,712	727,356
- Naira Transit	7,951,957	7,951,957
- Central Bank of Nigeria	<u>7,818,106,102</u>	<u>1,550,931,635</u>
Total Cash and cash equivalent as per cash flows	<u>8,169,280,312</u>	<u>2,265,570,526</u>
15.3 Reconciliation of IFRS Special Grant		
- IFRS Academy Fund	703,810,987	757,860,442
- Other Inflows to IFRS Academy Account	-	-
- Difference in balance (Note 15.3.2)	(112,134,804)	-
-Direct deduction from CRF (Note 15.3.1)	<u>(520,542,883)</u>	<u>(54,049,455)</u>
	<u>71,133,300</u>	<u>703,810,987</u>
15.1 IFRS Special Grant		
A sum of N520,542,883 was deduction from the FIRS Special Grant during the year (2024 : N54,049,455), with a corresponding inflows of Nill (2024 : Nil).		
15.3.2 Difference in balance		
This represents the difference between trial balance figure and the statement.		
16. General reserve fund		
At 1 January	2,106,749,991	(1,156,482,528)
Transferred from income statement and other comprehensive income	9,564,705,498	2,497,882,002
Transfer from statutory reserve (Note 17)	<u>18,249,231,110</u>	<u>765,350,517</u>
At 31 December	<u>29,920,686,599</u>	<u>2,106,749,991</u>

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 N	2024 N
17. Statutory reserve (CRF)		
At 1 January	-	61,790,013
Transferred from income statement and other comprehensive income	17,770,483,113	8,433,013,748
Transfer to general reserve fund (Note 16)	-	(765,350,517)
Direct deduction from CRF	<u>(34,985,703,851)</u>	<u>(7,729,453,244)</u>
At 31 December	<u>(17,215,220,738)</u>	<u>-</u>
17.1 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 Fiscal Responsibility Commission's guidelines as follows:		
Operating surplus for the year	27,335,188,611	10,930,895,750
Add back:		
i) Unallowable provision - loss on disposal of fixed assets	-	-
ii) Write-off of obsolete property and equipment (Note 14)	-	-
iii) Excess depreciation/amortisation (Note 9)	160,069,533	121,917,360
iv) Donations	49,650,000	26,750,000
v) Capital expenditure	-	-
vi) Benefits-in-kind	-	-
vii) Political expenses	-	-
viii) Subscriptions	-	-
ix) Unbudgeted expenses	-	-
x) Undisclosed income	-	-
xi) Bank charges	-	-
Deduct:		
i) Under depreciation/amortisation	-	-
ii) Actual capital expenditure	<u>(5,331,804,253)</u>	<u>(538,295,925)</u>
Operating surplus/(deficit)	<u>22,213,103,891</u>	<u>10,541,267,185</u>
Payable to consolidated revenue fund	80% 17,770,483,113	8,433,013,748
Add: Under-provision in prior years	<u>-</u>	<u>-</u>
	<u>17,770,483,113</u>	<u>8,433,013,748</u>
18. Other liabilities		
Sundry creditors (Note 18.1)	10,001,510	14,852,724
VAT payable	256,375,962	84,604,122
WHT and PAYE	137,409,675	26,426,790
National housing fund	4,682,056	5,206,653
Salary control	-	3,343,025
Stamp duty	15,744,469	10,188,345
	<u>424,213,672</u>	<u>144,621,659</u>

18.1 The balance represent payables to various vendors of the council.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19. Retirement Benefits obligations

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 monthly.

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.

	2025 N	2024 N
19.1 Retirement benefit obligation movement		
At 1 January	1,305,144,130	1,654,812,405
Payment during the year	(151,023,851)	(349,668,275)
Benefit cost for the year:		
Current service cost	84,115,325	-
Interest cost	<u>184,061,984</u>	<u>-</u>
Net amount recognised in surplus or deficit	268,177,309	-
Actuarial gain recognised in other comprehensive income	<u>(478,747,994)</u>	<u>-</u>
	<u>(210,570,685)</u>	<u>-</u>
At 31 December	<u>943,549,594</u>	<u>1,305,144,130</u>
19.2 Analysis by tenure:		
Non-current	943,549,594	1,305,144,130
Current	<u>-</u>	<u>-</u>
	<u>943,549,594</u>	<u>1,305,144,130</u>

a) Long term employee benefit expense is recognised in administrative expenses in the statement of comprehensive income.

b) The actuary valuation report was signed in February 2026 and this report relates to the actuarial valuation for the year 2025. The report was carried out in line with IAS 19 requirements by Ganiu Dare Shefiu (FRC/2017/PRO/NAS/00000017548 of Giant Consultants Limited (Actuaries, Financial & Human Resources Consultants), a Fellow of the Society of Actuaries, America.

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

19.3 Valuation assumptions

The valuation assumptions used for these calculations were determined in line with the standard prescribed by IAS 19 and fall under two broad categories viz:

- Financial Assumptions
- Demographic Assumptions

The assumptions represent our estimate of the likely future experience of the plan.

19.3.1 Financial Assumptions

Long Term Average	2025
Discount Rate (p.a.)	17.5%
Rate of Salary Increase (p.a.)	20.0%
Rate of Inflation (p.a.)	18.0%

Following the procedure contained in IAS 19, future benefits cash flow should be projected for each employee and discounted to their net present value as at the current balance sheet date, using an interest assumption (called the discount rate under IAS 19).

IAS 19 requires an entity to determine the rate to be used for discounting long term employees' benefits with reference to market yields on high quality corporate bonds. However, when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds instead.

There is no deep market in corporate bonds in Nigeria and we have determined the rate used for the current valuation by reference to the yield available on Nigerian Federal Government Bonds.

As at the end of December 2025, yields per annum on long term Government bond ranges between 15.70% - 17.61%. For the purpose of the current valuation and considering the plan's liability duration, we have adopted a discount rate of 17.50% p.a for financial year 2025.

IAS 19 requires that assumptions for future salary increases to take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market, company salary increase history and company policy on salary increase.

The table below shows analysis of salary increase for financial years ending 31st December 2016 – 2025. In arriving at the percentages in this table, the average annual consolidated salary in each year has been used on a year on year basis. The overall average over the period as indicated below is about 11.0%.

S/N	Financial Year	Staff Count	Annual Consolidated Salary N	Average Annual Consolidated Salary (N)	Percentage Increase
1	2025	68	491,312,103	7,225,178	5.81%
2	2024	78	532,626,789	6,828,549	12.08%
3	2023	84	511,775,346	6,092,564	-8.58%
4	2022	71	473,183,658	6,664,559	21.29%
5	2021	75	412,088,586	5,494,514	8.64%
6	2020	75	379,316,903	5,057,559	37.05%
7	2019	64	236,176,912	3,690,264	5.18%
8	2018	63	221,041,209	3,508,591	26.77%
9	2017	63	174,363,896	2,767,681	-1.92%
10	2016	64	180,602,574	2,821,915	Nil
AVERAGE				11.01%	

FINANCIAL REPORTING COUNCIL OF NIGERIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Following from above and considering the Council policy on salary increase, a long- term salary increase rate of 20.0% p.a has been adopted for the current valuation.

We are adopting a long-term future inflation rate of 18.0% p.a for the current valuation and these we believe depict a reasonable long-term future rate of Consumer Price Index (CPI) for Nigeria. (See table below)

PAST INFLATION RATES IN NIGERIA

Date	Value %
2025	23.01
2024	33.24
2023	24.66
2022	18.85
2021	16.95
2020	13.25
2019	11.40
2018	12.10
2017	16.50
2016	15.70
Average over ten year Period	18.40%

Source: Central Bank of Nigeria (CBN) – 12month all item average inflation statistics

19.3.2 Demographic Assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	Number of deaths in a year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Withdrawal from Service

We have assumed a withdrawal rate for the current valuation at a rate starting from 5% for all ages up to age 30 years and decreasing to 1% at age 45 years then nil thereafter.

Age Band (years)	Withdrawal Rate (%)
Up to 30	5
31 – 35	4
36 – 40	3
41 – 45	1
46 and over	Nil

19.4 Valuation method and terminologies

IAS 19 requires an entity to recognise a liability in the year when an employee has provided service in exchange for employee benefits to be paid in the future.

Also, an expense should be recognised when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

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In other words, the cost of providing for employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

19.4.1 Projected Unit Credit Method

The Projected Unit Credit (PUC) method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Under this method, the liability accrues uniformly over the working life of the members and the company under consideration is assumed to be a going concern.

As required by IAS 19, we have adopted the Projected Unit Credit (PUC) method to establish the value of the accrued liabilities for all employees covered by the plan. In calculating the reported liabilities, we have:

- projected the current consolidated salary to the expected retirement date or earlier termination date of each employee based on a future salary increase rate assumed for this valuation.
- computed the gratuity benefit at the terminal expected exit date based on the projected consolidated salary above and using plan gratuity scale of benefits.
- discounted the projected gratuity benefits in b above from the future payment date to the current valuation date.

Using these discounted benefits, the fraction of past service relative to total potential service is calculated for each staff.

For instance, consider an employee whose total liability at the valuation date based on a years potential service if for N1,200,000. If the employee has rendered 12 years at the valuation date then the accrued liability is $12/30$ of N1,200,000 = N480,000. The aggregate total figures for all employees is then determined and the emerging total value (for all members) is described by IAS 19 as the Defined Benefit Obligation (DBO).

Terminology	Description
Interest Cost:	The increase in the present value of the obligation as a result of moving one period closer to settlement
Current Service Cost:	The Current Service Cost is the cost of the additional benefits that members accrue during the year based on projected salaries at retirement or earlier termination.
Net Periodic Benefit Cost:	The charge to income recognised in a period in respect of a defined benefit plan and will be made up of the following components: <ul style="list-style-type: none"> <input type="checkbox"/> current service cost (the actuarial estimate of benefits earned by employee service in the period) <input type="checkbox"/> interest cost (the increase in the present value of the obligation as a result of moving one period closer to settlement) <input type="checkbox"/> actuarial gains and losses, to the extent recognised <input type="checkbox"/> past service cost, to the extent recognised <input type="checkbox"/> the effect of any plan curtailments or settlements
Defined Benefit Obligation	This is the total value of leaving service benefits accrued as at the actuarial valuation date, as described in 5.1 above.
Actuarial (Gains)/Losses	On an ongoing basis, actuarial gains and losses arise that comprise the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.
(Liability)/Asset Recognised in the Balance Sheet	This is the Net Benefit Cost recognised in the balance sheet at the end of the accounting year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 %	2024 %
19.5 Sensitivity analysis		
Effect of increase or decrease in the discount rate	17.5	13.0
Effect of increase or decrease in salary increase rate	20.0	20.0
Effect of increase or decrease in inflation rate	<u>18.0</u>	<u>12.0</u>

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.

20. IFRS Academy Grant

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 N928,922,854 (nine hundred and twenty-eight million nine hundred and twenty-two thousand eight hundred and fifty-four 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.

Between the years 2022 and 2023, outflows of N171,062,412 were made as part payment with respect to the Council building in Lekki. This reduced the balance in the CBN - FRC - IFRS Academy Bank Account as per Note 15. There were inflows to the tune of N14,340,835 in this account during the year. These inflows were neither grants nor subventions, which will be later reclassified to CBN TSA Bank Account.

The balance in the CBN - FRC - IFRS Academy Account as at 31st December 2025 was N71,133,300 (2024: N703,810,987) (Note 15).

	2025 N	2024 N
20.1. Movement in IFRS Academy		
At 1 January	591,676,183	757,860,442
Transfer to/(from) IFRS Academy Fund	<u>166,184,259</u>	<u>(166,184,259)</u>
At 31 December	<u>757,860,442</u>	<u>591,676,183</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 N	2024 N
21. Directors emoluments		
21.1 Directors		
The remuneration paid to the directors of the Council was:		
Fees and allowances	-	-
Executive compensation	<u>146,499,670</u>	<u>146,499,670</u>
	<u>146,499,670</u>	<u>146,499,670</u>
21.2 Emoluments disclosed above include amounts paid to:		
The highest paid director	<u>28,000,000</u>	<u>28,000,000</u>
	Number	Number
21.3 Employees		
Average number of employees (by function):		
Finance & Accounts	7	7
Inspections & Monitoring	11	11
Accounting, Auditing & Actuarial Standards	8	14
Research & Policy	2	4
Corporate Governance	3	5
Human Capital Management	3	24
Administrative Services	15	-
Information Technology	3	5
Registration	8	8
Legal and Internal Audit	4	4
Procurement	2	2
Valuation Standard Management.	1	-
Corporate Services	<u>1</u>	<u>-</u>
	<u>68</u>	<u>84</u>
21.4 Remuneration for the above persons was:	N	N
Salaries and wages	<u>1,101,657,310</u>	<u>691,940,461</u>
Retirement benefit costs	<u>151,023,851</u>	<u>56,358,037</u>
	<u>1,252,681,161</u>	<u>748,298,498</u>
21.5 The numbers of employees of the Council other than directors, who received (annually):	Number	Number
1,000,001 - 2,500,000	10	15
2,500,001 - 5,000,000	22	36
5,000,001 - 7,500,000	13	11
10,500,001 - 15,000,000	18	14
15,500,001 - 20,000,000	<u>5</u>	<u>8</u>
	<u>68</u>	<u>84</u>

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22. Contingent assets and liabilities

The Council is not subjected to claim and other liabilities from litigation and legal action arising from ordinary course of business as at 31 December 2025, (31 December 2024 : Nil).

23. Capital Commitments

The Council has no contingent liabilities as at 31 December 2025, (31 December 2024 : Nil).

24. Events after reporting date

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 at 31 December 2025 that have not been adequately provided for or disclosed.

25. Report on Internal Control Over Financial Reporting (ICFR)

In line with one-year extension granted to Public Sector Entities for the execution of their report on Internal Control over Financial Reporting (ICFR). The Council shall effect compliance accordingly, in its Audited Financial Statement, for the year ended 31 December, 2025.

26. Comparative figures

Where necessary certain prior year figures have been reclassified to ensure proper disclosure and uniformity with current year presentation for a more meaningful comparison. These reclassifications have no net impact on these financial statements.

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Other National Disclosures

FINANCIAL REPORTING COUNCIL OF NIGERIA

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	%	2024	%
	N		N	
Gross revenue	39,177,583,385		15,448,862,220	
Actuarial (loss)/gain on defined benefit plan	<u>478,747,994</u>		<u>-</u>	
	39,656,331,379		15,448,862,220	
Operating expenses:				
Other expenses - Local	<u>(11,059,415,925)</u>		<u>(3,647,750,612)</u>	
Value added	<u><u>28,596,915,454</u></u>	<u>100</u>	<u><u>11,801,111,608</u></u>	<u>100</u>
Distributed as follows:				
To pay employees				
Salaries, allowances, and benefits	1,101,657,310	4	748,298,498	6
To pay government				
Transfer to statutory reserve (CRF)	17,770,483,113	62	8,433,013,748	71
Retained for maintenance of assets and future expansion of business				
- Depreciation and amortisation	160,069,533	1	121,917,360	1
- Retained for Council's operations	<u>9,564,705,498</u>	<u>33</u>	<u>2,497,882,002</u>	<u>22</u>
Value added	<u><u>28,596,915,454</u></u>	<u>100</u>	<u><u>11,801,111,608</u></u>	<u>100</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.

FINANCIAL REPORTING COUNCIL OF NIGERIA

FINANCIAL SUMMARY

31 DECEMBER	2025 N	2024 N	2023 N	2022 N	2021 N
Statement of financial position					
Assets					
Property, plant and equipment	6,008,989,980	837,255,259	420,876,695	149,553,437	207,564,970
Right-of-use assets	-	-	-	54,809,410	-
Intangible asset	256,422,819	226,072,220	8,600,000	-	-
Inventory	62,363,523	13,832,044	-	-	-
Account receivables	33,443,482	702,236,480	8,804,569	11,198,726	3,464,378
Other assets	300,589,453	103,225,433	136,302,866	226,670,774	19,663,329
Cash and cash equivalent	8,169,280,312	2,265,570,526	782,846,483	787,876,760	973,780,254
Total assets	14,831,089,569	4,148,191,962	1,357,430,613	1,230,109,107	1,204,472,931
Liabilities					
IFRS Academy grant	757,860,442	591,676,182	757,860,442	766,252,132	928,922,854
Other grant	-	-	-	-	25,000,000
Retirement benefit obligations	943,549,594	1,305,144,130	1,654,812,405	1,391,898,646	1,214,329,924
Accruals and other liabilities	424,213,672	144,621,659	39,450,281	15,689,733	180,331,244
Total liabilities	2,125,623,708	2,041,441,971	2,452,123,128	2,173,840,511	2,348,584,022
Net assets/(liabilities)	12,705,465,861	2,106,749,991	(1,094,692,515)	(943,731,404)	(1,144,111,091)
Represented by:					
General reserve fund	29,920,686,599	2,106,749,991	(1,156,482,528)	(963,975,618)	(1,164,355,305)
Statutory reserve (CRF)	(17,215,220,738)	-	61,790,013	20,244,214	20,244,214
	12,705,465,861	2,106,749,991	(1,094,692,515)	(943,731,404)	(1,144,111,091)
Income statement and other comprehensive income					
Gross income	39,177,583,385	15,448,862,220	1,988,714,287	1,415,403,314	907,354,009
Net income for the year	27,335,188,611	10,930,895,750	569,624,907	48,306,019	(303,576,387)
Other comprehensive (loss)/income for the year	478,747,994	-	(292,913,758)	63,809,078	25,530,892
Total comprehensive income/ (loss) for the year	27,813,936,605	10,930,895,750	276,711,149	112,115,097	(278,045,495)