

LAGOS STATE SECURITY TRUST FUND
LAGOS, NIGERIA
REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

LAGOS STATE SECURITY TRUST FUND
REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

| TABLE OF CONTENTS | PAGE |
|--|------|
| Legal and administrative information | 3 |
| Report of the Trustees | 6 |
| Statement of Trustees' Responsibilities in relation to the preparation of Financial Statements | 8 |
| Independent Auditors' Report | 9 |
| Statement of Income and Expenditure | 11 |
| Statement of Financial Position | 12 |
| Statement of Changes in Equity | 13 |
| Statement of Cash Flows | 14 |
| Notes to the Financial Statements | 15 |
| Five - year Financial Summary | 43 |

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Legal and administrative information

Registered Office
Alpha Plaza
Block H3 Obafemi Awolowo Way
Central Business District
Alausa Ikeja
Lagos

Board of Trustees

| | |
|------------------------------|------------|
| Mr. Oye Hassan -Odukale, MFR | Chairman* |
| Mr. Remi Makanjuola | Chairman** |
| Mr. Herbert Wigwe | Member* |
| Mr. Adeyemi Idowu | Member* |
| Mr. Opeyemi Agbaje | Member* |
| Mr. Philips Oduoza | Member* |
| D.I.G Isreal O. Ajao, OON | Member* |
| Mr. Gbolahan Lawal | Member* |
| Prof. Ademola Abass | Member* |
| Mr. Waheed Olusegun Kassim | Member** |
| Mr. Kehinde Durosinmi-Etti | Member** |
| Mr. Bisi Onasanya | Member** |
| Mr. Ebenezer Onyeagwu | Member** |
| Mr. Opeyemi Agbaje | Member** |
| Mr. Biyi Mabadeje | Member** |
| Mr. Gbolahan Lawal | Member** |

* Appointed 10 November 2015

** Tenure expired 10 November 2015

Executive Secretary/Chief Executive
Dr Abdurrazaq Mobolaji Balogun
Mr. Fola Arthur-Worrey

Appointed 10 November 2015
Resigned 10 November 2015

Bankers

Skye Bank Plc
Lagos State Government Secretariat
Alausa Branch (Inside the Secretariat)
Alausa Ikeja
Lagos

Zenith Bank Plc
Lagos State Government Secretariat
Alausa Branch Ministry of Lands
Alausa Ikeja
Lagos

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Legal and administrative information - Continued

Bankers (continues)

First Bank of Nigeria Limited
40 Opebi Road off Allen Avenue
Adebola House Ikeja
Lagos

Sterling Bank Plc
9 Aromire Avenue
Aromire Branch Ikeja
Lagos

Guaranty Trust Bank Plc
Lagos State Government Secretariat
Alausa Branch (Inside the Secretariat)
Ikeja
Lagos

Access Bank Plc
183 Obafemi Awolowo Way
Opposite Lagos State Secretariat
Alausa Ikeja
Lagos

Heritage Bank Limited
7 Ashabi Cole Street
Central Business District
Alausa Ikeja
Lagos

Stanbic Bank Plc
Ikeja City Mall Branch
Shoprite
Alausa
Lagos

United Bank for Africa Plc
15 Industrial Avenue
Ilupeju
Lagos

Fidelity Bank Plc
84 Ladipo Street
Matori
Lagos

LAGOS STATE SECURITY TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Legal and administrative information - Continued

Bankers (continues)

Diamond Bank Plc
The Palms Shopping Center
Victoria Island
Lagos

Auditors
Ernst & Young
10th& 13th Floors
57, Marina
Lagos

LAGOS STATE SECURITY TRUST FUND
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

Report of Trustees

The Trustees submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of Lagos State Security Trust Fund (the "Fund").

Incorporation and address

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

Registered Office

Alpha Plaza
 Block H3 Obafemi Awolowo Way
 Central Business District
 Alausa Ikeja
 Lagos

Principal activities

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

| Results for the year | 2015 N'000 | 2014 N'000 |
|---------------------------------|------------------------|------------------------|
| Revenue | 6,189,034,155 ===== | 1,596,569,566 ===== |
| Surplus/ (deficit) for the year | 308,151,999 ===== | (131,688,130) ===== |

Trustees

The Trustees who held office during the year and to the date of this report were:

| | |
|----------------------------|------------|
| Mr. Oye Hassan -Odukale | Chairman* |
| Mr. Remi Makanjuola | Chairman** |
| Mr. Herbert Wigwe | Member* |
| Mr. Adeyemi Idowu | Member* |
| Mr. Opeyemi Agbaje | Member* |
| Mr. Philips Oduoza | Member* |
| D.I.G Isreal O. Ajao, OON | Member* |
| Mr. Gbolahan Lawal | Member* |
| Prof. Ademola Abass | Member* |
| Mr. Waheed Olusegun Kassim | Member** |
| Mr. Kehinde Durosinmi-Etti | Member** |
| Mr. Bisi Onasanya | Member** |
| Mr. Ebenezer Onyeagwu | Member** |
| Mr. Opeyemi Agbaje | Member** |
| Mr. Biyi Mabadeje | Member** |
| Mr. Gbolahan Lawal | Member** |

* Appointed 10 November 2015

** Tenure expired 10 November 2015

LAGOS STATE SECURITY TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Employment of disabled persons

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

Employee health, safety and welfare

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

Employee training and involvement

The trustees maintain regular communication and consultation with the employees.

Auditors

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

By order of the Board of Trustees

Dr. Abdurrazaq Balogun
Executive Secretary

Lagos, Nigeria

06 December 2016

LAGOS STATE SECURITY TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

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

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its surplus. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for at least twelve months from the date of this statement.

.....
Oye Hassan -Odukale, MFR
Chairman

.....
Dr. Abdurrazaq Balogun
Executive Secretary/CEO

06 December 2016

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

Report on the financial statements

We have audited the financial statements of Lagos State Security Trust Fund (the "Fund") which comprise the statement of financial position as at 31 December 2015, the statement of income and expenditure, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAGOS STATE SECURITY TRUST FUND-
continued

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's financial affairs as at 31 December 2015 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the requirements of the Lagos State Security Trust Fund Law and Financial Reporting Council of Nigeria Act No 6, 2011.

Dayo Babatunde, FCA/FRC/2013/ICAN/00000000702

For: Ernst & Young
Chartered Accountants
Lagos, Nigeria

07 December 2016

LAGOS STATE SECURITY TRUST FUND
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 ₦ | 2014 ₦ |
|---|------|-----------------|-----------------|
| Income | | | |
| Donations in cash: | | | |
| From Public Officers and Government Agencies | 5a | 18,675,000 | 51,550,000 |
| From Private Bodies | 5b | 557,769,835 | 159,988,118 |
| | | ----- | ----- |
| | | 576,444,835 | 211,538,118 |
| | | ----- | ----- |
| Donations in kind: | | | |
| From Public Officers and Government Agencies | 6a | 5,556,414,320 | 1,308,011,448 |
| From Private Bodies | 6b | 56,175,000 | 77,020,000 |
| | | ----- | ----- |
| | | 5,612,589,320 | 1,385,031,448 |
| | | ----- | ----- |
| Other income | 7 | 2,529,680 | 3,906,118 |
| Finance income | 8 | 1,209,672 | 5,188,888 |
| | | ----- | ----- |
| | | 3,739,352 | 9,095,006 |
| | | ----- | ----- |
| Gross income | | 6,192,773,507 | 1,605,664,572 |
| Impairment losses on receivables | 16a | - | (1,130,000) |
| | | ----- | ----- |
| Net income | | 6,192,773,507 | 1,604,534,572 |
| | | ----- | ----- |
| Expenditure | | | |
| Support to Security Agencies | 9 | (5,843,915,770) | (1,693,236,353) |
| Employee benefits expense | 10 | (6,899,966) | (5,522,000) |
| Depreciation of property, plant and equipment | 14 | (2,081,731) | (2,027,393) |
| Rent expenses | 11 | (5,959,856) | (6,746,533) |
| Other operating expenses | 12 | (25,764,185) | (28,690,423) |
| | | ----- | ----- |
| Total expenses | | (5,884,621,508) | (1,736,222,702) |
| | | ----- | ----- |
| Surplus/ (deficit) for the year | | 308,151,999 | (131,688,130) |
| | | ===== | ===== |

The notes on pages 15 to 42 form part of these financial statements

LAGOS STATE SECURITY TRUST FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

| | Note | 2015 ₦ | 2014 ₦ |
|-------------------------------------|------|--------------------|--------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 3,309,548 | 4,571,699 |
| Current assets | | | |
| Inventories | 15 | 26,230,000 | 5,595,740 |
| Account receivables | 16 | 9,100,000 | 99,820,000 |
| Other assets | 17 | 9,048,955 | 1,656,718 |
| Cash and short-term deposits | 18 | 438,117,675 | 90,530,840 |
| Total assets | | 485,806,178 | 202,174,997 |
| Equity and liabilities | | | |
| Equity | | | |
| Accumulated Fund | | 452,886,883 | 144,734,884 |
| Total equity | | 452,886,883 | 144,734,884 |
| Current liabilities | | | |
| Account payables | 19 | 32,919,295 | 57,440,113 |
| Total liabilities | | 32,919,295 | 57,440,113 |
| Total equity and liabilities | | 485,806,178 | 202,174,997 |

The notes on pages 15 to 42 form part of these financial statements

The financial statements on pages 11 to 42 were approved and authorised for issue by the Board of Trustees on 06 December 2016 and were signed on its behalf by

.....
Mr. Oye Hassan -Odukale, MFR
Chairman

.....
Dr. Abdurrazaq Balogun
Executive Secretary/CEO

LAGOS STATE SECURITY TRUST FUND
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2015

| | |
|-------------------------------------|-------------|
| | ₦ |
| For the year ended 31 December 2015 | |
| Fund At 1 January 2015 | 144,734,884 |
| Surplus for the year | 308,151,999 |
| | ----- |
| At 31 December 2015 | 452,886,883 |
| | ===== |

| | |
|-------------------------------------|---------------|
| | ₦ |
| For the year ended 31 December 2014 | |
| Fund At 1 January 2014 | 276,423,014 |
| Deficit for the year | (131,688,130) |
| | ----- |
| At 31 December 2014 | 144,734,884 |
| | ===== |

LAGOS STATE SECURITY TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

| | Note | 2015 ₦ | 2014 ₦ |
|---|------|--------------|---------------|
| Surplus/ (deficit) for the year | | 308,151,999 | (131,688,130) |
| Non-cash adjustment to reconcile surplus/ (deficit) to net cash flows | | | |
| Depreciation | 14 | 2,081,731 | 2,027,393 |
| Finance income | 8 | (1,209,672) | (5,188,888) |
| Impairment losses on receivables | 16a | - | 1,130,000 |
| Recoveries | 16a | (685,000) | (800,000) |
| Profit on disposal of property, plant and equipment | 7 | (119,980) | - |
| Working capital adjustments: | | | |
| (Increase)/decrease in inventories | | (20,634,260) | 346,240 |
| Decrease in account receivables | | 91,405,000 | 45,025,000 |
| (Increase)/ decrease in other assets | | (7,392,237) | 6,051,999 |
| (Decrease)/Increase in accounts payable | | (24,520,818) | 9,128,838 |
| Cash generated from / (used in) operations | | 347,076,763 | (73,967,548) |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 14 | (819,600) | (140,000) |
| Interest received | 8 | 1,209,672 | 5,188,888 |
| Proceed on disposal of property, plant and equipment | | 120,000 | - |
| Cash generated from investing activities | | 510,072 | 5,048,888 |
| Increase/ (decrease) in cash and cash equivalents | | 347,586,835 | (68,918,660) |
| Cash and cash equivalents at 1 January | | 90,530,840 | 159,449,500 |
| Cash and cash equivalents at 31 December | 18 | 438,117,675 | 90,530,840 |

LAGOS STATE SECURITY TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Corporate information

The financial statements of the Lagos State Security Trust Fund (the "Fund") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Trustees on 06 Decembber 2016. LSSTF is a Trust Fund established in 2007 by a Law of the Lagos State House of Assembly domiciled in Nigeria. The registered office is located at Alpha Plaza, Block H3, Obafemi Awolowo Way, Central Business District, Alausa, Ikeja, Lagos.

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

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Naira (₦) and all values are rounded to the nearest Naira, except when otherwise stated.

2.2 Basis of presentation

The Fund presents its assets and liabilities in the statement of financial position based on current and non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

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

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

2.3 Summary of significant accounting policies

a) Property plant and equipment

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

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

The estimated annual rates of depreciation are as follows:

| | % |
|--------------------------------|----|
| Office furniture and equipment | 25 |
| Motor vehicles | 25 |
| Computer equipment | 33 |

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

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

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

b) Revenue Recognition

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

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

Donations

Donation is recognised as income when it is received. Donation is also recognized when it becomes receivable. i.e. when pledges are made and are redeemed up till the financial statements are authorized for issue. Donated assets are recognised at their fair value at the date of the donation. A significant portion of donations are received through transfers into the Fund's bank account and/or via cheques while some are received in cash at the town hall meeting. The Board of Directors have decided to write off all un- redeemed pledges up to the time the Financial Statements are to be authorized for issue.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of income and expenditure.

c) Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

Initial recognition and subsequent measurement

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, for which transaction costs are taken directly to the income statement. Financial Assets are subsequently measured based on their classification.

The Fund's financial assets include cash and short-term deposits and account receivables.

Account receivables

This category is the most relevant to the Fund. Account receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. The losses arising from impairment are recognised in the statement of income or expenditure as part of other operating expenses. See Note 16 for analysis of account receivables. The Funds account receivables are pledges made at town hall meeting redeemed before the financial statements are authorized for issue by the board.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Fund has transferred substantially all the risks and rewards of the asset, or
 - (b) The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

ii) Impairment of financial assets

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost – Account receivables

The Funds account receivables are pledges made at town hall meeting. The Fund recognizes only pledges redeemed after year end up till the financial statements are authorized for issue.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include Account payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Other liabilities

Account payables

Account payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Account payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

d) Impairment of Non-financial assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

e) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Fund as a lessee

Operating lease payments are recognised as an operating expense in the statement of income and expenditure on a straight-line basis over the lease term.

f) Fair value measurement

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

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

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

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

f) Fair value measurement (continued)

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

g). Inventories

Inventories are measured at the lower of cost and net realisable value. Inventory held for distribution at no or nominal consideration is measured at the lower of cost and current replacement cost.

If inventories are acquired at no cost, or for nominal consideration, the cost is the current replacement cost at the date of acquisition with a corresponding adjustment to revenue. Cost is determined on a first in, first out basis.

The amount of any write-down of inventories to net realisable value (current replacement cost) and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs.

h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank, cash in hand and short-term deposits that are subject to an insignificant risk of changes in value with a maturity of three months or less.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

i) Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of income and expenditure in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Fund operates a defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary. Obligations in respect of the Fund's contributions to the scheme are recognized as an expense in the statement of income and expenditure on an annual basis.

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3. Significant Accounting judgments, estimates and assumptions

The preparation of the Fund's financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Fund as lessee

The Fund leased the office space where it operates. The fund has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these office space and accounts for the contracts as operating leases.

Estimates and assumptions

Property, plant and equipment

The Fund carries its property, plant and equipment at cost in the Statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Fund's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For more details refer to Note 14".

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. New and amended standards and interpretations issued but not yet effective including IFRS update
The standards and interpretations issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Fund's financial assets, but no impact on the classification and measurement of the Fund's financial liabilities.

IFRS 14 regulatory deferral accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Fund is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 defined benefit plans: employee contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Fund since the entity has no defined benefit plans with contributions from employees or third parties.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 Leases

The International Accounting Standards Board (IASB or Board) issued IFRS 16 Leases on 13 January 2016. The new standard requires lessees to recognise assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. It is not expected that this amendment would be relevant to the Fund.

Annual improvements

Amendments resulting from annual improvements to IFRSs to the following standards will not have any material impact on the accounting policies, financial position or performance of the Fund. The annual improvements have effective date of 1 January 2015.

Annual improvements 2010-2012 Cycle

- IFRS 2 – Share-based Payment effective 1 July 2014
- IAS 16- Property, Plant and Equipment 1 July 2014
- ~~IAS~~ 24 – Related Parties effective 1 July 2014
- IAS 38- Intangible Assets 1 July 2014

Annual improvements 2011-2013 Cycle

- ~~IFRS~~ 13 - Fair value measurement effective 1 July 2014

Annual improvements 2012-2014 Cycle

- ~~IAS~~ 19 – Defined Benefit Plans: Employment contributions effective 1 January 2016
- ~~IFRS~~ 11 – Joint Arrangements: Accounting for Acquisitions of interests effective 1 January 2016
- ~~IAS~~ 27 – Equity Method in Separate Financial Statements effective 1 January 2016
- ~~IFRS~~ 10, IFRS 12 and IAS 28 – Investment entities: Apply the consolidation exception effective 1 January 2016
- ~~IAS~~ 1 – Disclosure initiative effective 1 January 16
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization effective 1 January 2016
- IFRS 5 – Changes in methods of disposal effective 1 January 2016
- IFRS 7 – Servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements effective 1 January 2016
- IAS 34 – Disclosure of information ‘elsewhere in the interim financial reports’ effective 1 January 2016

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | | | |
|----|---|-------------|------------|
| 5 | Donations in cash | | |
| 5a | Donations from Public Officers and Government Agencies: | | |
| | | 2015 | 2014 |
| | Donors | ₦ | ₦ |
| | Council of Obas & Chiefs of Lagos State | 10,000,000 | 10,000,000 |
| | Lagos State Executive Council Members | 2,500,000 | 500,000 |
| | Body of Permanent Secretaries of Lagos state | 2,500,000 | - |
| | Governor's Advisory Committee Lagos State | 1,500,000 | - |
| | Senator Remi Tinubu | 1,000,000 | - |
| | All Progressive Change Executives (Lagos chapter) | 500,000 | - |
| | Chief Henry Ajomale | 250,000 | - |
| | Mr. Tunji Bello | 125,000 | 100,000 |
| | Oba Shotobi Kabiru | 100,000 | - |
| | Mrs. Oluseyi Williams | 50,000 | 100,000 |
| | Honourable Arole Fancy | 50,000 | - |
| | Mrs. Olabisi Boco | 50,000 | - |
| | Oba Kamorudeen Oloja Epe | 50,000 | - |
| | Nigerian Ports Authority | - | 39,600,000 |
| | Major Panox (Rtd) | - | 200,000 |
| | Mr. Ayodeji Gbeleyi | - | 100,000 |
| | Mr. Toyin Ayinde | - | 100,000 |
| | Lagos State Ministry of Transportation | - | 100,000 |
| | Mr. Ben Akabueze | - | 100,000 |
| | Mr. Folorunso Coker | - | 100,000 |
| | Mrs. Olayinka S. Oladunjoye | - | 100,000 |
| | Mr. Ibirogba Aderemi | - | 100,000 |
| | Mrs. Olusola Oworu | - | 100,000 |
| | Mrs. F. M. Oguntuase | - | 100,000 |
| | Dr. Mrs. Yewande Olaseni Adeshina | - | 100,000 |
| | Federal Inland Revenue Service Staff (Multi-purpose) Co-operative Society Limited | - | 50,000 |
| | | ----- | ----- |
| | | 18,675,000 | 51,550,000 |
| | | ===== | ===== |
| 5b | Donations from private bodies: | 2015 | 2014 |
| | Donors | ₦ | ₦ |
| | Dangote Group | 150,000,000 | - |
| | United Bank for Africa Plc | 100,000,000 | - |
| | Zenith Bank Plc | 50,000,000 | 50,000,000 |
| | Skye Bank Plc | 50,000,000 | - |
| | Access Bank Plc | 50,000,000 | - |
| | NO. 1 Property Company | 20,000,000 | - |
| | Stanbic IBTC Bank Plc | 20,000,000 | 10,000,000 |
| | Wema Bank Plc | 20,000,000 | - |
| | Fidelity Bank Plc | 20,000,000 | - |
| | Chi Group | 20,000,000 | - |
| | Balance carried forward | ----- | ----- |
| | | 500,000,000 | 60,000,000 |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 ₦ | 2014 ₦ |
|---|-------------|------------|
| Balance brought forward from previous page | 500,000,000 | 60,000,000 |
| Donors | | |
| LASACO Assurance Plc | 10,000,000 | 10,000,000 |
| Bank of Industry | 10,000,000 | - |
| Diamond Bank Plc | 10,000,000 | - |
| Leadway Assurance Company Limited | 5,000,000 | 2,000,000 |
| Keystone Bank Limited | 5,000,000 | - |
| Jubaili Bros. Engineering Limited | 3,000,000 | - |
| Ineh Mic Limited | 2,000,000 | - |
| National Union of Road Transport Workers | 2,000,000 | - |
| Abimbola Oyenike | 1,000,000 | 1,000,000 |
| Chief Ilori Eytayo | 1,000,000 | - |
| Road Transport Employers Association of Nigeria (RTEAN) | 1,000,000 | - |
| Superflux International | 1,000,000 | - |
| VDT Communications Limited | 1,000,000 | - |
| Metropolitan Construction Company Nigeria Limited | 1,000,000 | 1,000,000 |
| Contact Solution Limited | 1,000,000 | 500,000 |
| Orange Island Development Company Limited | 500,000 | 500,000 |
| Harmony Abattoir Services | 500,000 | 500,000 |
| MTOF Consulting Services | 500,000 | - |
| Anglican Diocese of Lagos | 500,000 | - |
| Great Brand Nigeria Limited | 300,000 | - |
| Halogen Securities Company Limited | 250,000 | 250,000 |
| Righteous Construction Company Nigeria Limited | 250,000 | - |
| Rhyss Farm Limited | 100,000 | - |
| Nigerian Investigation and Security Company | 100,000 | - |
| Chief Anthony Idigbe (SAN) | 100,000 | 100,000 |
| Mr. Rabih Mechleb | 50,000 | - |
| Mr. Obafemi Aluko | 50,000 | 50,000 |
| Mrs. Iyabo Aluko | 50,000 | 50,000 |
| Fatai Fashola | 50,000 | 50,000 |
| Saponaria Industry Limited | 50,000 | - |
| Robert Panesi | 50,000 | - |
| Ibrahim Fawaz | 50,000 | - |
| Babatunde Ayinde Mumuni | 50,000 | - |
| Mustapha Temitayo Mumuni | 50,000 | - |
| Society of Security Practitioners of Nigeria | 50,000 | - |
| Bashorun Reuben Olorunfunmi | 50,000 | - |
| Adeyinka Afolabi Fatai | 50,000 | - |
| Proceeds from donation boxes | 36,835 | 122,418 |
| Maria Breed Montessori School | 20,000 | 20,000 |
| Anonymous | 8,000 | 1,015,700 |
| Mustard Insurance Brokers Limited | 5,000 | - |
| Oyenike A.A | - | 300,000 |
| Rostrum Club | - | 250,000 |
| Heritage Bank Limited | - | 1,400,000 |
| Peter J. Waseni | - | 20,000 |
| Balance carried forward | ----- | ----- |
| | 557,769,835 | 79,128,118 |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 | 2014 |
|---|---------------|---------------|
| | ₦ | ₦ |
| Balance brought forward from previous page | 557,769,835 | 79,128,118 |
| Anne Marie School | - | 30,000 |
| Charis International University | - | 1,000,000 |
| First Bank of Nigeria Limited | - | 75,000,000 |
| Uche Nwokedi & Co. | - | 500,000 |
| Jeebati Enterprises | - | 1,000,000 |
| Air France | - | 300,000 |
| Alhaji L.O. Salako | - | 25,000 |
| Hon. Justice Olorunnimbe | - | 200,000 |
| Prof. Abisogun Leigh | - | 50,000 |
| Mrs. Omolara Ajayi Euler | - | 20,000 |
| Alh. (Dr.) S.O. Babalola | - | 1,000,000 |
| C-Way Group Nigeria Limited | - | 200,000 |
| CSP. EluwaUkaObass | - | 5,000 |
| Lt. Col. Friday Ayanam | - | 5,000 |
| Mr. Nsikau Ekure | - | 10,000 |
| Pastor Olatunde Santos | - | 10,000 |
| Toyin Ayinde & Associates | - | 250,000 |
| Moreniba Enterprises | - | 25,000 |
| Mr. N. Kekere-Ekun | - | 100,000 |
| Mainstreet Bank Limited | - | 1,000,000 |
| Aare Kamorudeen Ajao Danjuma | - | 70,000 |
| Wisdom Hall International School | - | 10,000 |
| Mr. Bayo Adiamo | - | 50,000 |
| | ----- | ----- |
| | 557,769,835 | 159,988,118 |
| | ===== | ===== |
| 6 Donations in kind | | |
| 6a Donations from Public Officers and Government Agencies: | | |
| | 2015 | 2014 |
| | ₦ | ₦ |
| Lagos State Government | | |
| 15 Armored Personnel Carriers | 1,500,000,000 | - |
| 3 Patrol Helicopters (Bell) | 1,218,000,000 | - |
| 2 Patrol Gunboats | 846,808,450 | - |
| 55 Ford ranger pick-ups | 379,500,000 | - |
| 40 Toyota Corolla | 260,000,000 | - |
| 29 Ford Fusion | 174,129,050 | - |
| 10 Toyota Land cruiser pick-ups | 112,000,000 | - |
| 15 BMW Power Bikes | 105,000,000 | - |
| 20 Ford Focus | 95,700,000 | - |
| 11 Ford MG series | 43,862,500 | - |
| 100 Power Bikes (SINOKI) | 25,000,000 | - |
| 100 Toyota Hilux Patrol Vehicles | - | 557,000,000 |
| 150 Motor Bikes | - | 127,500,000 |
| Supply of 6.2m litres (2014: 4.6m litres) of Premium Motor Spirit (PMS) | 526,296,960 | 435,075,557 |
| Supply of 1.6m litres (2014: 1.2m litres) of Automated Gasoline Oil (AGO) | 250,351,200 | 188,056,075 |
| Supply of 27 drums of Lubricants (Motor Delvac 1340 Engine Oil) | 19,766,160 | 379,816 |
| | ----- | ----- |
| | 5,556,414,320 | 1,308,011,448 |
| | ===== | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | | | |
|----|--|---------------------|------------|
| 6b | Donations from private bodies: | | |
| | | 2015 | 2014 |
| | | ₦ | ₦ |
| | Toyota Elizade Nigeria Plc 5 Toyota Hilux | 33,500,000 | - |
| | Union Bank Plc 2 Toyota Hilux | 13,400,000 | - |
| | Concorde Security 10 Walk-through detector doors | 7,000,000 | - |
| | Nigerian Machine Tools 20 Unit of Bullet proof vests (without ballistic plate) 1 Unit of Hard-plate level IV | 2,200,000 75,000 | - - |
| | Total E&P Nigeria Limited 4 Toyota Hillux | - | 24,120,000 |
| | Standard Chartered Bank of Nig. Ltd 20 bullet proof vests | - | 2,400,000 |
| | SCOA Motors Plc. (C/o Lebanese Nig. Initiatives) One 2014 MAN Diesel Troop carrier truck | - | 20,000,000 |
| | Heritage Bank Two Toyota Hilux & ten motor bikes | - | 18,700,000 |
| | Eco Bank Plc Two Toyota Hilux | | 11,800,000 |
| | | ----- | ----- |
| | | 56,175,000 | 77,020,000 |
| | | ===== | ===== |
| | | 2015 | 2014 |
| | | ₦ | ₦ |
| 7 | Other income | | |
| | Gain on sale of scraps | 1,178,000 | 2,352,500 |
| | Gain on disposal of Property, plant and equipment | 119,980 | - |
| | Others | 1,231,700 | 1,553,618 |
| | | ----- | ----- |
| | | 2,529,680 | 3,906,118 |
| | | ===== | ===== |
| | Others represent amounts accrued in previous years that are no longer required. | | |
| 8 | Finance income | | |
| | Interest income | 1,209,672 | 5,188,888 |
| | | ===== | ===== |
| | Interest income relates to income earned on short term deposit. | | |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 | 2014 |
|--|---------------|---------------|
| | ₦ | ₦ |
| 9 Support to Security Agencies | | |
| Donated vehicles, equipment and other supplies issued to security agencies (Note 9a) | 4,825,780,000 | 748,000,000 |
| Purchased vehicles, equipment and other supplies issued to security agencies (Note 9b) | 995,317,320 | 904,636,753 |
| Repairs and branding (Note 9c) | 22,818,450 | 40,599,600 |
| | ----- | ----- |
| | 5,843,915,770 | 1,693,236,353 |
| | ===== | ===== |
| 9a Donated vehicles, equipment and other supplies issued to security agencies | 2015 | 2014 |
| Beneficiaries | ₦ | ₦ |
| Lagos State Police Command and Nigerian Army | | |
| 6 unit of Toyota Hilux | 39,660,000 | - |
| 69 unit of bullet proof vests | 12,765,000 | - |
| 69 unit of Kevlar helmets | 5,865,000 | - |
| 6 Units of Toyota Hilux | - | 33,800,000 |
| 10 Motor Bikes | - | 8,500,000 |
| 10 Units of Bullet proof vests | - | 1,200,000 |
| Lagos State Rapid Response Squad (RRS) | | |
| 15 Armored Personnel Carriers | 1,500,000,000 | - |
| 3 Patrol Helicopters (Bell) | 1,218,000,000 | - |
| 2 Patrol Gunboats | 846,808,450 | - |
| 55 Ford Ranger Pick-Ups | 379,500,000 | - |
| 40 Toyota Corolla | 260,000,000 | - |
| 29 Ford Fusion | 174,129,050 | - |
| 10 Toyota Land Cruiser Pick-Ups | 112,000,000 | - |
| 15 BMW Power Bikes | 105,000,000 | - |
| 20 Ford Focus | 95,700,000 | - |
| 11 Ford MG series | 43,862,500 | - |
| 100 Power Bikes (SINOKI) | 25,000,000 | - |
| 10 Bullet proof vest | 1,200,000 | - |
| 100 Units of Hilux patrol vehicles | - | 557,000,000 |
| 150 Units of motor bikes | - | 127,500,000 |
| 1 Unit of M.A.N Diesel Truck | - | 20,000,000 |
| Operation MESA (Air Force) | | |
| 1 unit of Toyota Hilux | 6,160,000 | - |
| Supply and installation of 1 mobile base radio set | 130,000 | - |
| | ----- | ----- |
| | 4,825,780,000 | 748,000,000 |
| | ===== | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 ₦ |
|--|-------------|
| 9b Purchased vehicles, equipment and other supplies issued to security agencies Beneficiaries | |
| Lagos State Police Command | |
| 75 unit of ballistic vest, 75 unit of ballistic helmet and 150 unit of rain coat | 20,400,000 |
| 10 unit of UHF radio and 10 unit of security bar lights with siren | 2,700,000 |
| Construction of back cabins with seats on 10 unit Toyota Hilux | 1,200,000 |
| Cash rewards for gallantry to deserving female officer | 268,000 |
| Supply and installation of 1 mobile base radio set | 130,000 |
| Lagos State Rapid Response Squad (RRS) | |
| 6,155,520 litres of Premium Motor Spirit (PMS) | 526,296,960 |
| 1,584,000 litres of Automated Gasoline Oil (AGO) | 250,351,200 |
| 27 drums of Lubricants (Motor Delvac 1340 Engine Oil) | 19,766,160 |
| 100 unit of tyres and 50 unit of batteries | 9,050,000 |
| Supply of 200 tyres | 4,800,000 |
| Training allowance on communication skills | 2,850,000 |
| Nigerian Army: Operation MESA | |
| 5 unit of Toyota Hilux | 33,500,000 |
| Supply and installation of 5 security bar lights and 5 VHF base radio (Motorola CM 140) | 1,350,000 |
| Construction of back cabins on 5 vehicles | 600,000 |
| Marine Police | |
| 51,000 litres of Automated Gasoline Oil (AGO) | 12,600,000 |
| Naval Base | |
| 48,000 litres of Automated Gasoline Oil (AGO) | 7,125,000 |
| Neighborhood Watch | |
| Reconstruction of collapsed 300 feet galvanized angle mast & replacement of 1 repeater for the Neighborhood Watch Outfit | 15,000,000 |
| Operation MESA- Navy | |
| 3 unit of Toyota Hilux | 20,100,000 |
| Supply and installation of 3 security bar lights and 3 VHF base radio (Motorola CM 140) | 810,000 |
| Construction of back cabins on 3 vehicles | 360,000 |
| Operation MESA- Airforce | |
| 3 unit of Toyota Hilux | 20,100,000 |
| Supply and installation of 3 security bar lights and 3 VHF base radio (Motorola CM 140) | 810,000 |
| Construction of back cabins on 3 vehicles | 360,000 |
| Joint Task Force | |
| 3 months allowance for 337 officers for clearing Apapa traffic gridlock | 44,790,000 |
| | ----- |
| | 995,317,320 |
| | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2014 |
|---|-------------|
| Lagos State Police Command | ₦ |
| 8 units of Toyota Hilux | 49,900,000 |
| Fueling of marine Gun boats | 19,585,001 |
| Communication equipment (Digital repeaters) | 10,359,163 |
| 1 Toyota Prado txl as undercover vehicle for the new commissioner | 10,300,000 |
| 2 units Ford Rangers XLT pick up vans | 10,000,000 |
| 1 unit of Toyota Corolla 1.8 A/T 2014, | 4,750,000 |
| Restoration and installation of digital repeaters for the Police Command HQtrs | 4,439,642 |
| 122 Nikkon cool pix 4gb cameras | 2,013,000 |
| 9 sets each of security bar lights with siren and mobile base radio sets on vehicles refurbished | 1,780,000 |
| 6 mobile base radio sets with 6 sets of amber lights | 1,480,000 |
| 3 mobile base radio sets and 3 bar lights | 906,750 |
| Construction of 6 Back Cabins with seats on Toyota Hilux donated | 840,000 |
| Construction of back cabins with seats | 600,000 |
| Lagos State Rapid Response Squad (RRS) | |
| 4,555,765 litres Premium Motor Spirit (PMS) | 435,075,558 |
| 1,213,265 litres of Automated Gasoline Oil (AGO) | 188,056,075 |
| 200 sets of custom made riders gear | 26,000,000 |
| 100 units of Motorola GP 340 Radio 146-174MHZ 16 channels UHF with battery and other accessories | 9,000,000 |
| 100(nos.) rolls (5000mtrs) of materials for police uniforms | 7,350,000 |
| 1 Ford Ranger XLT (2014 Model) | 4,950,000 |
| Production & supply of 1000 custom made sweaters | 3,400,000 |
| 1,000 badges | 1,500,000 |
| 20 units of Dunlop tyres | 1,400,000 |
| Cash rewards for gallantry to deserving officers | 600,000 |
| 4 drums of Lubricants (Motor Delvac 1340 Engine Oil) | 379,814 |
| 1 mobile base radio set and one revolving security bar light | 270,000 |
| Construction of back cabin with seats | 120,000 |
| State Security Service | |
| 1 Ford Ranger for patrol | 5,000,000 |
| Cash rewards for outstanding SSS operatives | 5,150,000 |
| 30 sets of Exspray Explosive Detector | 1,125,000 |
| Nigerian Army: Operation MESA | |
| 5 units Toyota Hilux | 26,300,000 |
| 4 mobile base radio sets and 3 revolving security bar lights | 940,000 |
| Construction of back cabins with seats on vehicles | 360,000 |
| 1 mobile base radio set and 1 revolving security bar light | 246,750 |
| Lagos State Task Force | |
| 1 unit of Tata Truck | 7,800,000 |
| 1 mobile base radio set and one revolving Security bar lights on TATA Truck | 270,000 |
| Construction of back cabins with seats | 360,000 |
| | ----- |
| Balance carried forward | 842,606,753 |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2014 ₦ |
|---|-------------|
| Balance brought forward from previous page | 842,606,753 |
| Quick Response Group | |
| 1 unit of Toyota Hilux Van | 5,100,000 |
| 1 mobile base radio set and 1 revolving security bar light | 270,000 |
| Back Cabin with seat on 1 Toyota Hilux | 120,000 |
| Operation MESA- Navy | |
| Fueling for patrols of the sea-ways | 11,520,000 |
| 2 units Toyota Hilux | 10,200,000 |
| 2 mobile base radio sets and 2 bar lights | 540,000 |
| Construction of back cabins with seats | 240,000 |
| Federal Special Anti-Robbery Squad (FED. SARS) | |
| 2 units of Toyota Hilux vans | 10,200,000 |
| 2 sets of mobile base radios and 2 sets of revolving bar lights | 540,000 |
| 2 Back Cabins with seats on the 2 Toyota Hilux | 240,000 |
| Special Anti-Robbery Squad (SARS) | |
| 1 unit of Hummer Hiace Bus | 10,550,000 |
| 1 Toyota Hiace Bus | 6,500,000 |
| 1 unit of Toyota Hilux van | 5,100,000 |
| 2 mobile base radio sets and one revolving security bar lights on vehicles | 670,000 |
| Back Cabins with seats on Toyota Hilux | 240,000 |
| | ----- |
| | 904,636,753 |
| | ===== |
| 9c Repairs and branding | |
| | 2015 ₦ |
| Lagos State Rapid Response Squad (RRS) | |
| Supply of service parts for 109 pick-up vans, 3 Corolla cars, 9 Izuzu Trucks | 3,549,100 |
| Service parts for routine service of 134 patrol vehicles | 3,349,400 |
| Routine service of 15 APCs | 1,500,000 |
| Repairs of Ford F550, APC swat 28, APC swat 22 and APC swat 10 | 1,450,000 |
| Repairs and full servicing of 45 patrol vehicles | 1,284,750 |
| Routine service of 12 armored personnel carriers | 1,200,000 |
| Labour charge for Routine service of 40 patrol vehicles | 1,142,000 |
| Repair of one APC (SWAT 27- OJOTA) | 870,000 |
| Labour for service of routine service for 96 patrol vehicles | 787,200 |
| Labour charge for the routine service of 87 patrol vehicles | 713,400 |
| Labour charge for routine service of 74 patrol vehicles | 631,400 |
| Repairs of 3 APCs (SWAT 25, 08 &13) | 540,000 |
| Labour for service of routine service for 43 patrol vehicles | 352,600 |
| Labour charge for Routine service of 38 patrol vehicles | 311,600 |
| Repairs of 4 APCs | 290,000 |
| Replacement of batteries on Swat 11 (Itamaga),Swat 13 (Epe),Swat 14 (Badagry prisons), Swat 16(Tom Jones) & Swat 25 (Oshodi) and repairs of Toyota Landcruiser Armoured Personnel Carrier Swat 16 | 300,000 |
| | ----- |
| Balance carried forward | 18,271,450 |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 ₦ |
|---|---|
| Balance brought forward from previous page | 18,271,450 |
| Nigerian Army: Operation MESA Full body spraying and branding of 5 operational vehicles | 400,000 |
| Nigerian Navy: Operation MESA Branding of 3 Toyota Hilux | 240,000 |
| Nigerian Airforce: Operation MESA Branding of 4 Toyota Hilux | 300,000 |
| Lagos State Police Command Repair of one accidented patrol vehicle Branding of 1 Toyota Hilux | 880,000 60,000 |
| Marine Police Routine service of 6 gunboats Routine service of seven police combat gunboats | 1,698,000 969,000 |
| | ----- 22,818,450 ===== |
| | 2014 ₦ |
| Nigerian Army: Operation MESA Full body spraying and branding of three Hilux Full body spraying and branding of three Hilux Full body spraying and branding of 1 Hilux Toyota Full body branding of vehicles two Toyota Hilux | 240,000 240,000 100,000 80,000 |
| Quick Response Group (QRG) Full body spraying and branding of 1 Toyota Hilux | 40,000 |
| Nigerian Navy: Operation MESA Branding of 2 vehicles | 200,000 |
| Lagos State Rapid Response Squad (RRS) Service parts and routine service of 132 (nos.) patrol vehicles, trucks and undercover cars Service parts for the routine service of 174 (nos.) RRS vehicles including 8 Izuzu troop carriers Refurbishment of 8 trucks in use by the RRS Replacement of engines of 10 Frajend bikes Repairs of five badly damaged RRS vehicles Routine service of 20 APCs Repairs of five damaged RRS patrol vehicles | 6,392,700 4,338,000 2,887,500 2,500,000 2,362,500 1,600,000 1,575,000 |
| Balance carried forward | ----- 22,555,700 |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2014 |
|---|------------|
| | ₦ |
| Balance brought forward from previous page | 22,555,700 |
| Repairs of damaged fuel line systems in APCs SWAT 23,28,27,09,22,07,12 | 1,331,500 |
| Repair of damaged communication equipment at the RRS control room | 990,000 |
| Service (labour charges), on routine service of 89(nos.) patrol vehicles, undercover cars, and Trucks | 795,800 |
| Routine service of nine APCs | 720,000 |
| Routine service of nine APCs (Ford & Mercedes Benz) | 720,000 |
| Repairs of APC SWAT 02 | 570,000 |
| Repairs of APC SWAT 25 (Oshodi) | 526,000 |
| Repairs of APCs Swat 05&21 | 460,000 |
| Service of 48(nos) RRS patrol vehicles | 428,000 |
| Service (labour charges), on routine service of 43(nos.) patrol vehicles, undercover cars, and Trucks | 352,600 |
| General repairs carried out on APC SWAT 25 | 352,000 |
| Repairs of APC SWAT 19 (Mushin) and SWAT 27 (Ojota) | 330,000 |
| Repairs on APC SWAT 15 | 326,500 |
| Routine service of 30 patrol vehicles | 300,000 |
| Repairs of 1 APC Swat 24 | 250,000 |
| Repairs of three APCs | 210,000 |
| Repairs on APC SWAT 09 | 198,000 |
| Lagos State Police Command | |
| General overhauling of two badly damaged patrol vehicles | 1,126,200 |
| Routine service of 7 Gun Boats | 969,000 |
| General over hauling of two vehicles | 750,800 |
| Routine service of seven gun boats | 698,000 |
| Routine service of the 7 gun boats | 698,000 |
| Refurbishment of one vehicle | 642,500 |
| Repair of one badly damaged patrol vehicle | 526,500 |
| Refurbishment of one patrol vehicle | 421,750 |
| Repair of one badly damaged vehicle | 351,000 |
| Branding of 6 vehicles | 240,000 |
| Repair of division patrol vehicle | 180,750 |
| Branding of four vehicles | 160,000 |
| Full Branding of three vehicles | 120,000 |
| Branding of one Hilux purchased as replacement for one badly and irreparably damaged patrol vehicle | 80,000 |
| Branding of one Toyota Hilux | 40,000 |
| Federal Special Anti-Robbery Squad | |
| Branding of two vehicles | 80,000 |
| Counter Terrorist Unit | |
| Repairs of three patrol vehicles | 1,779,000 |
| Lagos State Government Taskforce on Law & Enforcement | |
| Branding of 3 vehicles | 240,000 |
| Branding of one TATA truck donated to the Lagos State Taskforce on Law enforcement | 80,000 |
| | ----- |
| | 40,599,600 |
| | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| 10 | Employee benefits expense | 2015 | 2014 |
|----|---|------------|------------|
| | | ₦ | ₦ |
| | Salaries and allowances | 6,463,242 | 5,122,250 |
| | Pension cost | 436,724 | 399,750 |
| | | ----- | ----- |
| | | 6,899,966 | 5,522,000 |
| | | ===== | ===== |
| 11 | Rental expense | | |
| | Rent expense for Lagos Security Trust Fund office space | 3,680,719 | 3,946,999 |
| | Service charge for office space | 2,279,137 | 2,799,534 |
| | | ----- | ----- |
| | | 5,959,856 | 6,746,533 |
| | | ===== | ===== |
| 12 | Other operating expenses | | |
| | Audit and other professional fees | 10,000,000 | 15,825,000 |
| | Mid-year and annual Town Hall meeting on security expenses | 8,356,090 | 6,936,166 |
| | General office expenses | 2,928,434 | 3,600,000 |
| | Other expenses | 2,561,740 | 1,698,240 |
| | Trustees' remuneration | 850,000 | 400,000 |
| | Insurance | 555,044 | - |
| | Renewal of website domain | 295,600 | 140,000 |
| | Bank charges | 217,277 | 91,017 |
| | | ----- | ----- |
| | | 25,764,185 | 28,690,423 |
| | | ===== | ===== |
| 13 | Taxation | | |
| | The income of LSSTF is exempted from company income tax in accordance with Section 15 of the Lagos State Security Trust Fund Law. | | |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| 14 Property, plant and equipment | Office furniture & equipment | Computer equipment | Motor vehicles | Total |
|----------------------------------|------------------------------|--------------------|----------------|--------------|
| | ₦ | ₦ | ₦ | ₦ |
| Cost | | | | |
| As at 1 January 2014 | 4,246,099 | 1,344,500 | 18,195,000 | 23,785,599 |
| Additions during the year | 140,000 | - | - | 140,000 |
| Disposals | - | - | (2,700,000) | (2,700,000) |
| ----- | ----- | ----- | ----- | ----- |
| As at 31 December 2014 | 4,386,099 | 1,344,500 | 15,495,000 | 21,225,599 |
| Additions during the year | 819,600 | - | - | 819,600 |
| Disposals | - | - | (11,195,000) | (11,195,000) |
| ----- | ----- | ----- | ----- | ----- |
| As at 31 December 2015 | 5,205,699 | 1,344,500 | 4,300,000 | 10,850,199 |
| ----- | ----- | ----- | ----- | ----- |
| Depreciation | | | | |
| As at 1 January 2014 | 2,395,098 | 1,088,516 | 13,842,893 | 17,326,507 |
| Charge for the year | 577,875 | 124,507 | 1,325,011 | 2,027,393 |
| Disposal | - | - | (2,700,000) | (2,700,000) |
| ----- | ----- | ----- | ----- | ----- |
| As at 31 December 2014 | 2,972,973 | 1,213,023 | 12,467,904 | 16,653,900 |
| Charge for the year | 646,175 | 110,565 | 1,324,991 | 2,081,731 |
| Disposals | - | - | (11,194,980) | (11,194,980) |
| ----- | ----- | ----- | ----- | ----- |
| As at 31 December 2015 | 3,619,148 | 1,323,588 | 2,597,915 | 7,540,651 |
| ----- | ----- | ----- | ----- | ----- |
| Net Book Value | | | | |
| At 31 December 2015 | 1,586,551 | 20,912 | 1,702,085 | 3,309,548 |
| ===== | ===== | ===== | ===== | ===== |
| At 31 December 2014 | 1,413,126 | 131,477 | 3,027,096 | 4,571,699 |
| ===== | ===== | ===== | ===== | ===== |

The Fund has item of depreciated Property, Plant and Equipment (PP&E) which has a gross carrying amount of N6,129,599 and have been fully depreciated as at 31 December 2015 but are still in use as at 31 December 2015.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 | 2014 |
|---|------------|-----------|
| | ₦ | ₦ |
| 15 Inventories | | |
| Toyota Hilux | 13,400,000 | - |
| Walkthrough scanner | 7,000,000 | - |
| Bullet proof vests (without ballistics) | 2,200,000 | - |
| Disposable handcuffs | 1,499,000 | 2,646,500 |
| Bullet proof vests (with ballistics) | 1,110,000 | 1,200,000 |
| Kevlar helmet | 510,000 | - |
| Solar rechargeable lights | 436,000 | 500,000 |
| Hard plate | 75,000 | - |
| Walkie Talkies | - | 750,000 |
| Monitors (HP) | - | 20,000 |
| Central Processing Unit (HP) | - | 60,000 |
| Desktops (Zinox) | - | 80,000 |
| Indigo LED Lantern | - | 176,000 |
| Flash lights | - | 117,040 |
| Rechargeable radios | - | 46,200 |
| | ----- | ----- |
| | 26,230,000 | 5,595,740 |
| | ===== | ===== |

Inventory represents items received from donors and/or purchased but not yet distributed to approved security agencies. During 2015, inventory worth ₦935,960 (2014: ₦346,240) was recognised as an expense in the statement of income or expenditure. This is recognised in operating expenses.

| | 2015 | 2014 |
|---|-----------|--------------|
| | ₦ | ₦ |
| 16 Account receivables | | |
| Pledged donations | 9,100,000 | 121,400,000 |
| Provision for impairment of unredeemed pledges (Note 16a) | - | (21,580,000) |
| | ----- | ----- |
| | 9,100,000 | 99,820,000 |
| | ===== | ===== |

As at 31 December 2015, no provision was made on account receivables as only pledges redeemed after year end up till the financial statements are authorized for issue were recognized while pledges recognized in prior year not yet redeemed were written off.

| | | |
|--|--|--------------|
| 16a Movements in the provision for impairment of unredeemed pledges. | | |
| Individually impaired | | ₦ |
| At 1 January 2014 | | 26,950,000 |
| Charge for the year | | 1,130,000 |
| Write-off | | (5,700,000) |
| Recoveries | | (800,000) |
| | | ----- |
| At 31 December 2014 | | 21,580,000 |
| Write-off | | (20,895,000) |
| Recoveries | | (685,000) |
| | | ----- |
| At 31 December 2015 | | - |
| | | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

As at 31 December, 2015 the ageing analysis of account receivables is, as follows

| | Total | Neither past due nor impaired | Past due but not impaired | |
|------|------------|----------------------------------|---------------------------|------------|
| | | | <30 | >30 |
| | ₦ | ₦ | ₦ | ₦ |
| 2015 | 9,100,000 | - | - | 9,100,000 |
| 2014 | 99,820,000 | - | - | 99,820,000 |

| | | | |
|----|--|-----------|-----------|
| 17 | Other assets | 2015 | 2014 |
| | | ₦ | ₦ |
| | Prepaid office rent | 8,876,712 | 1,307,430 |
| | Prepaid insurance | 107,243 | 294,288 |
| | Prepaid (others) | 65,000 | - |
| | Prepaid office partitioning and remodeling | - | 55,000 |
| | | ----- | ----- |
| | | 9,048,955 | 1,656,718 |
| | | ===== | ===== |

Other assets includes prepaid rent and prepaid insurance and others. Prepaid insurance and others are expected to be utilized within 12 months of these financial statements. Also, N3,750,000 of prepaid rent is expected to be utilized within 12 months of these financial statements while N5,126,712 will be utilized over 12 months.

| | | | |
|----|-------------------------------|-------------|------------|
| 18 | Cash and short-term deposits | 2015 | 2014 |
| | | ₦ | ₦ |
| | Zenith Bank Plc | 181,196,335 | 36,335,016 |
| | Access Bank Plc | 62,630,820 | 1,630,820 |
| | United Bank of Africa Plc | 46,738,431 | - |
| | First Bank of Nigeria Limited | 46,552,073 | 15,211,801 |
| | Skye Bank Plc | 36,299,447 | 20,618,913 |
| | Stanbic IBTC Plc | 25,585,445 | 3,646,850 |
| | Fidelity Bank Plc | 20,000,000 | - |
| | Diamond Bank Plc | 10,000,000 | - |
| | Guaranty Trust Bank Plc | 4,383,147 | 2,133,147 |
| | Sterling Bank Plc | 2,572,367 | 8,794,671 |
| | Heritage Bank Limited | 2,159,610 | 2,159,622 |
| | | ----- | ----- |
| | | 438,117,675 | 90,530,840 |
| | | ===== | ===== |

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

| | | |
|--------------|-------------|------------|
| | 2015 | 2014 |
| | ₦ | ₦ |
| Cash at bank | 438,117,675 | 90,530,840 |
| | ----- | ----- |
| | 438,117,675 | 90,530,840 |
| | ===== | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

| | 2015 | 2014 |
|------------------------------------|------------|------------|
| 19 Accounts payable | ₦ | ₦ |
| Audit fees | 13,930,000 | 9,825,000 |
| Other accrued expenses (Note 19.1) | 10,041,571 | 41,615,113 |
| Fuel, oil and other lubricants | 5,490,000 | - |
| Consultancy fees | 2,400,000 | 6,000,000 |
| Salaries and allowances payable | 908,024 | - |
| Pension cost | 149,700 | - |
| | ----- | ----- |
| | 32,919,295 | 57,440,113 |
| | ===== | ===== |

19.1 Included in other accrued expenses as at 31 December 2015 are outstanding payment for 75 unit of bullet proof vests - ₦4.1 million, outstanding payment for 75 unit of bullet proof vests - ₦1.9 million, accrual for supply of 1000 badges to RRS - ₦1.5 million and other accruals - ₦2.5 million (31 December 2014 are outstanding payment for 6 purchased Hilux vehicles - N30.6 million, accruals for supply and servicing of operational equipment - N6.5 million and outstanding payment for supply of AGO for operational vehicles - N3.2 million). Account payables are non-interest bearing and normally settled on 30 to 90 day terms.

20 Employees' remuneration

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

| | 2015 | 2014 |
|-----------------------|--------|--------|
| | Number | Number |
| 100,000 - 1,000,000 | 3 | 3 |
| 1,000,001 - 2,000,000 | 2 | 2 |
| | ----- | ----- |
| | 5 | 5 |
| | === | === |

The aggregate cost of these employees was:

| | 2015 | 2014 |
|--------------------|-----------|-----------|
| | ₦ | ₦ |
| Salaries and wages | 6,899,966 | 5,522,000 |
| | ===== | ===== |

21 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions or one other party controls both. This definition includes key management personnel as well. The Fund is related to Lagos state Government through its involvement in the appointment of the chairman and other members of the board.

The Fund has applied the exemption granted by IAS 24 relating to the disclosure requirements in relation to related party transactions and outstanding balances.

| | 2015 | 2014 |
|--|---------|---------|
| | ₦ | ₦ |
| Compensation of key management personnel of the Fund | | |
| The key management personnel have been identified as the Board of Trustees of the Fund | | |
| Short-term employee benefits | 850,000 | 400,000 |
| | ===== | ===== |

The above represents remuneration paid to the Trustees of the Fund

The Trustees with no remuneration waived their rights to receive remuneration from the Fund during the year

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

22 Fair Value of financial assets and liabilities

Other than items that are measured at fair value upon initial recognition, no assets or liabilities are subsequently measured at fair value in the financial statements. In addition, the fair value of financial assets and liabilities subsequently measured at amortized cost approximate their carrying value at the end of the reporting period. Hence, no fair value disclosure is provided in the financial statements.

23 Risk management

a. Overview

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

The Fund has exposure to the following risks from its financial instruments held:

- Credit Risk
- Liquidity Risk
- Market Risk

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

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

Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This is the risk that a donor will default on its obligation to the Fund, causing the Fund to incur a loss. Financial instruments which may subject the Fund to credit risk consist of bank balances and accounts receivable. The maximum exposure to credit risk at the reporting date is the carrying amount of those instruments.

The Fund does not anticipate non-performance by counterparties and has no significant concentrations of credit risk. Management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Fund's financial assets are secured by collateral or other credit enhancements. The Fund further minimizes its credit exposure by using only commercial banks. Refer to Note 16 and 18 for account receivables and cash and short term deposits

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This is risk that the Fund will encounter difficulty raising liquid funds to meet commitments as they fall due. The Fund has ongoing commitments to pay account payables. The Fund pays account payables when they fall due. The Fund has cash and other short term deposits that it can use to meet its ongoing payment obligations. Refer to Note 19 for account payables and Note 16 and 18 for account receivables and cash and short term deposits.

All account payable matures within 12 months.

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

Contractual maturities of assets and liabilities

The table below shows the cash flows on the Fund's assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow / (outflow) disclosed in the table is the contractual cash flow on the Fund's liability or commitment.

| | Carrying amount ₦ | Contractual cashflow ₦ | Less than 1 month ₦ | 1 - 3 months ₦ |
|------------------------------|-------------------------|------------------------------|---------------------------|-------------------|
| 31 December 2015 | | | | |
| <i>Assets</i> | | | | |
| Cash and cash equivalents | 438,117,675 | 438,117,675 | 438,117,675 | - |
| Account receivables | 9,100,000 | 9,100,000 | - | 9,100,000 |
| | ----- | ----- | ----- | ----- |
| | 447,217,675 | 447,217,675 | 438,117,675 | 9,100,000 |
| | ----- | ----- | ----- | ----- |
| <i>Liabilities</i> | | | | |
| Account payables | 32,919,295 | 32,919,295 | - | 32,919,295 |
| | ----- | ----- | ----- | ----- |
| | 32,919,295 | 32,919,295 | - | 32,919,295 |
| | ----- | ----- | ----- | ----- |
| Liquidity gap | 414,298,380 | 414,298,380 | 438,117,675 | (23,819,295) |
| | ----- | ----- | ----- | ----- |
| Cumulative liquidity gap | ===== | ===== | 438,117,675 | 414,298,380 |
| | ===== | ===== | ===== | ===== |
| | | | | |
| 31 December 2014 | | | | |
| <i>Assets</i> | | | | |
| Cash and cash equivalents | 90,530,840 | 90,682,045 | 66,340,096 | 24,341,949 |
| Account receivables | 99,820,000 | 99,820,000 | - | 99,820,000 |
| | ----- | ----- | ----- | ----- |
| | 190,350,840 | 190,502,045 | 66,340,096 | 124,161,949 |
| | ----- | ----- | ----- | ----- |
| <i>Liabilities</i> | | | | |
| Account payables | 57,440,113 | 57,440,113 | - | 57,440,113 |
| | ----- | ----- | ----- | ----- |
| | 57,440,113 | 57,440,113 | - | 57,440,113 |
| | ----- | ----- | ----- | ----- |
| Liquidity gap | 132,910,727 | 133,061,932 | 66,340,096 | 66,721,836 |
| | ----- | ----- | ----- | ----- |
| Cumulative liquidity gap | - | - | 66,340,096 | 133,061,932 |
| | ===== | ===== | ===== | ===== |

LAGOS STATE SECURITY TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – Continued

Market risk

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

24 Commitments and Contingencies

Operating lease commitments:

The Fund currently leases office space under a 3-years lease agreement. Rental was prepaid at the time of the lease execution. The lease arrangement is not a non-cancellable lease. The contract is subject to advance withdrawal and renegotiation on annual renewal date. During the year ended 31 Dec 2015 ₦3,680,719 (2014: ₦3,946,999) was expensed in the statement of income or expenditure in respect of the operating lease.

25 Events after the reporting dates

Management has evaluated subsequent events up to the date of sign off of these financial statements, and there were no material events after the reporting date, which could have had material effects on the state of affairs of the Fund as at 31 December 2015.

26 Capital Management

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

LAGOS STATE SECURITY TRUST FUND

FIVE YEAR FINANCIAL SUMMARY

| | IFRS | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2015 | 31 December 2014 | 31 December 2013 | 31 December 2012 | 31 December 2011 |
| Financial results | ₦ | ₦ | ₦ | ₦ | ₦ |
| Net income | 6,192,773,507 | 1,604,534,572 | 1,274,358,558 | 1,326,994,068 | 1,271,065,565 |
| Total expenditure | (5,884,621,508) | (1,736,222,702) | (1,131,332,106) | (1,545,378,054) | (1,097,877,128) |
| Surplus/(deficit) for the year | 308,151,999 | (131,688,130) | 143,026,452 | (218,383,986) | 173,188,437 |
| Financial position | | | | | |
| Accumulated funds | 452,886,883 | 144,734,884 | 276,423,014 | 133,396,562 | 293,015,927 |
| Employment of funds | | | | | |
| Property, plant and equipment | 3,309,548 | 4,571,699 | 6,459,092 | 2,572,459 | 10,246,625 |
| Current assets | 482,496,630 | 197,603,298 | 318,275,197 | 159,719,811 | 299,860,652 |
| Current liabilities | (32,919,295) | (57,440,113) | (48,311,275) | (28,895,708) | (17,091,350) |
| | 452,886,883 | 144,734,884 | 276,423,014 | 133,396,562 | 293,015,927 |