

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

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BABAJIDE OLUSOLA SANWO-OLU

GOVERNOR, LAGOS STATE.



**BOLA
ADESOLA**

Chairman



**FEYISAYO
ALAYANDE**

Executive Secretary (Ag.)



**SINARI BOLADE
DARANIJO**

Member



**TATIANA
MOUSALLI-NOURI**

Member



**SEGUN
OJELADE**

Member



**KOFO
DUROSINMI-ETTI**

Member



**IDRIS
OLORUNNIMBE**

Member



**RONALD
CHAGOURY JNR.**

Member



**HON. AKINYEMI
AJIGBOTAFE**

Member



**HON. OLUYOMI
ABAYOMI**

Member

FEYISAYO ALAYANDE
Executive Secretary (AG.)

REGISTERED OFFICE:

16 Billings Way,
Oregun, Lagos, Nigeria.

 **PRICEWATERHOUSECOOPERS**
Auditor:

Landmark Towers
5b, Water Corporation Road,
Victoria Island,
Lagos.

 **ACCESS BANK PLC**
Banker:

183, Obafemi Awolowo Road,
Alausa, Lagos.

 **GUARANTY TRUST BANK PLC**
Banker:

Alausa Branch, Lagos

 **STANBIC IBTC BANK PLC¹**
Banker:

IBTC Place, Walter Carrington
Victoria Island, Lagos

 **STERLING BANK PLC¹**
Banker:

20, Marina, Lagos

 **FIRST CITY MONUMENT BANK LIMITED¹**
Banker:

Tinubu Street Marina, Lagos

 **BOSAK MICRO-FINANCE BANK LIMITED¹**
Banker:

Plot 8, Cocoa Industries Road
Ogba Industrial Estate Ikeja,
Lagos.

 **BOWEN MICRO-FINANCE BANK LIMITED¹**
Banker:

Baptist Academy Compound,
Obanikoro Ikorodu Road,
Lagos.

 **PRIMERA MICROFINANCE BANK LIMITED¹**
Banker:

24, Kofo Abayomi Street,
Victoria Island,
Lagos

 **EDFIN MICROFINANCE BANK LIMITED¹**
Banker:

152 Ogunlana Drive,
Surulere, Lagos

 **PARKWAY MICROFINANCE BANK LIMITED¹**
Banker:

96/102, Broad Street,
Lagos.

 **IBILE MICROFINANCE BANK LIMITED¹**
Banker:

121, Obafemi Awolowo Way,
Allen Roundabout Ikeja,
Lagos.

 **LAPO MICROFINANCE BANK LIMITED¹**
Banker:

65, Kudirat Abiola Way
Oregun Ikeja, Lagos.

 **FIRST BANK OF NIGERIA LIMITED¹**

35, Marina Lagos

¹ These Bankers also act as agents of the Fund with respect to the disbursement, monitoring and collection of loans granted to beneficiaries.

FINANCIAL HIGHLIGHTS:

for the year ended 31 December 2023

In thousands of Naira	31-Dec-23	31-Dec-22
Gross income	1,389,848	913,597
Program expenses	(1,270,438)	(2,598,578)
Operating and personnel expenses	(1,022,789)	(1,083,199)
Deficit before impairment, depreciation & amortisation*	(903,379)	(2,768,180)
Impairment write-back/(charge) on loans and advances	485,115	(92,715)
Depreciation of property and equipment	(44,043)	(43,759)
Amortization of intangible assets	(4,493)	(4,506)
Total deficit from operations	(466,800)	(2,909,161)
Deficit for the year	(466,800)	(2,909,161)
Total assets	5,273,428	3,791,336
Total Liabilities	(516,568)	(416,216)
Reserves	4,756,860	3,375,120

The above stated program and operating expenditures were funded through the following sources during the year:

Sources of Funding

In thousands of Naira	31-Dec-23	31-Dec-22
Subvention from LASG	1,848,540	830,000
Grants/donations received during the year	186,907	145,090
Interest income received during the year	23,746	27,106
Repayments from loan beneficiaries (gross)	987,925	569,882
	3,047,118	1,572,078

*This represents the deficit arising from the Fund's activities/operations during the year, excluding non-cash expenses such as impairment, depreciation and amortisation.

TRUSTEES REPORT

for the year ended 31 December 2023

LAGOS STATE EMPLOYMENT TRUST FUND IN 2023:

In 2023, the global macroeconomic condition was impacted by the Russian-Ukraine war, climate conditions causing inflationary pressure and slow-paced economic growth in both developed, and emerging economies. The situation trickled down to Nigeria, exacerbated by removal of fuel subsidy, foreign exchange instability, Naira depreciation, high cost of energy, among others. These developments decelerated the economy with its repercussions on investment and trade activities. Despite the economic challenges, The **Lagos State Employment Trust Fund** remained focused on its mandate to create jobs and foster an enabling environment for small businesses and Entrepreneurs in Lagos to thrive. We have provided a report of our interventions and initiatives during the year, for the benefit of the people of Lagos State.



1 FINANCIAL INTERVENTION

a. MSME Loan Program

In 2023, we broadened our loan portfolio in the agric sector with focus on the poultry value chain with a pilot phase, and disbursing **N84.6m to 48 beneficiaries** in the **Ikorodu Broilers Hub Association**. In addition, another **hub loan of N10m was granted** in line with our mandate to support tech-hubs, bringing total disbursement for the year to **N901.8 million to 1,279 MSMEs** in the State, creating **51,822 direct and indirect jobs** in Lagos State.

Lagos Cares is a World Bank Sponsored intervention designed to cushion the effects of the global pandemic on the continuity and sustainability of MSMEs in Lagos State. Through the intervention, we supported **1,426 MSMEs with grants worth N433 million** across the three disbursement-linked indicators – **credit, operations and IT enhancement.**

2.  **THE LSETF EMPLOYABILITY SUPPORT PROJECT (LSESP)**

The **LSETF Employability Support Project** is targeted at bridging the skills gap by providing a platform where young people can receive training in relevant and in-demand skills. **LSETF** implements this initiative in partnership with international development organizations such as the **United States African Development Foundation (USADF)** and the **United Nations Development Programme (UNDP)**. In 2023, **LSETF trained 2,170 young individuals across various vocational trades, and 1,269 were successfully placed in jobs.**

INNOVATION DRIVEN ENTERPRISE PROGRAM "LAGOS INNOVATES":

Lagos, often referred to as Africa's Silicon Valley, has a vibrant and exciting startup ecosystem providing innovative solutions to everyday problems. In furtherance to strengthening the tech ecosystem in Lagos, LSETF established Lagos Innovates comprising a set of programs (Workspace voucher, idea hub, hub loan and talent development) that provide support for startups in Lagos, Nigeria. Lagos Innovates aims to enable the growth and success of the players in the ecosystem by providing tech enthusiasts, founders and startups with the access and support needed to thrive through the following programs:



a. Workspace Voucher:

129 vouchers were issued to owners of tech startups, granting them access to suitable workspaces and infrastructure.

b. Idea Hub:

The Idea Hub program is a mentorship and incubation platform designed to guide tech entrepreneurs in advancing their businesses from ideation to early development. Through the program, mentees are matched with industry experts to receive tailored support. Notably, **71 early-stage startups have successfully undergone incubation within the hub.**

c. Hub Loan:

To support the development of tech hubs, Lagos Innovates disbursed a hub loan worth **N10million to 8th Gear Hub, having met all the requirements.**

d. Talent Development:

In Sept. 2023, LSETF and Ingrid teamed up to drive beneficial technical know-how, increase tech talent, and empower aspiring professionals in Lagos and Africa through the Ingrid Scholarship Program. The partnership aimed to **train 4,000 individuals** annually in core tech skill sets such as **Java, Linux, Cybersecurity, and Python for Data Science at no cost.** The **six-month curriculum** is designed to give participants comprehensive and holistic training experience, inclusive of a three-month paid internship. **The first cohort** started with **843 successful applicants training in Java, Data Science, Linux and Cybersecurity.**



5. DIGITAL LITERACY:

Our digital literacy program was designed to provide essential digital skills for nano and micro businesses, enhancing their ability to compete in the fast-evolving market. **In 2023, the Fund** executed the following digital literacy programs:

•**MTN 21 Days of Y'ello Care: LSETF partnered with MTN** on a digital financial literacy drive in four Local Government Areas - Ikeja, Ifako-Ijaiye, Isolo and Alimosho, in Lagos. This was in line with the theme for the **2023 MTN 21 Days of Y'ello Care titled "Empowering Entrepreneurs to Unlock Growth and Job Creation for Communities"**. Over **500 grassroots businesses were empowered with digital business tools such as portable solar power systems, power banks, laptops, tripod stands and web cameras as training participation gifts.**

•**Partnership with 9PSB:** Entrepreneurship and Education go hand in hand; and at **LSETF**, we value both cadres. **This is what led to our partnership with Nigeria's first payment service bank, 9PSB in June 2023.** This partnership was targeted at facilitating financial literacy and agent banking training programs for Lagos residents, leading to gainful employment and growth for small businesses. Through this partnership, **LSETF & 9PSB jointly trained 1,217 people across Alimosho, Ikorodu and Badagry LGAs and provided agent banking tools to 88 participants.**



4. BUSINESS SUPPORT & GRASSROOT ENGAGEMENT

To promote entrepreneurship and strengthen the institutional capacity of MSMEs, the Fund regularly organizes **MSME HR & Legal advisory sessions, webinars, and masterclasses** that promote access to market and knowledge sharing. These events recorded the attendance of **13,233 participants in 2023.** Similarly, **over 4,480 entrepreneurs participated in our LCDAs engagement programs in 2023** held virtually and physically across various LGAs/LCDAs, via: **Ikorodu, Illupeju, Badagry, Ifako-Ijaiye, Jibowu Yaba.**

6. LSETF JOB CREATION HUBS:

LSETF x USADF Job Hub Launch: In October 2023 LSETF partnered the **United States Development Foundation (USADF)** to fund an entrepreneurship Job Hub project with Oriki Global & Synergy Limited, as implementing partner. The project is geared towards establishing infrastructure that reduces some of the barriers to launching a business in the Beauty, Wellness and Spa industry - consequently leading to increased and sustainable job creation in Lagos state. The overall objective for this Job Hub program is to provide economic empowerment through the provision of a co-working space and skill improvement opportunities for entrepreneurs, who otherwise may have been unable to afford a workspace of their own.

7. LSETF FUNDING AND PARTNERSHIP

LSETF continued to establish strategic partnerships and secure funding from local and international partners in 2023, receiving both cash and non-cash support.

Impact Investment Roundtable Event

A huge part of the work we do at LSETF is focused on every aspect of our beneficiary's business journey, even when it is not a direct project within the Fund. This is what led us to welcome the **Impact Investors Foundation (IIF)** at the Impact Investment Roundtable Event to showcase our beneficiaries for potential investment from local and international venture capitals and private equity funds. **The LSETF beneficiaries** engaged and pitched for improved visibility and funding for their businesses. As a result of our collaboration with the Impact Investors Foundation, the Fund became a member of the Nigerian National Advisory Board for **Impact Investing (NABII)**.

Youth Business International (YBI)

In alignment with the Lagos State Employability Support Programme that seeks to curb the problem of unemployment in Lagos state by facilitating vocational training programs for youth, aged **18- 45, to bridge the skills gap and increase the pool of skilled manpower in the State, the Fund joined the Youth Business International Network in 2023.** YBI leads a growing global network of over 60 enterprise support organizations with a passion for empowering underserved young people **(18-35 years old) to start, scale and sustain their businesses.** Together, with other members of the global network we aim to focus on sustainable and inclusive entrepreneurship, equipping underserved young people with the skills, confidence, and connections they need to beat the odds and become successful, responsible business owners.

Summary on Funding and Partnerships for 2023.

a). Sahara Group Foundation

Funding Amount: N60 million (non-direct cash)

Duration of Partnership: 12 months

Summary of Partnership: In collaboration with Sahara Foundation, Wecyclers, and IBILE Oil and Gas Group as funder, and implementing partners, LSETF launched the Go-Recycling initiative. Our aim at LSETF is to project the income-generating potential of recycling while cleaning up Lagos state. We created **75 direct and 150 indirect jobs via the 6 waste collection hubs at Apapa-Iganmu, Igan-do-Ikotun, Isolo, Ifako-Ijaiye, Onigbongbo, Lagos Island LCDAs in the year 2023.**

b). 9 Payment Service Bank (9PSB)

Funding Amount: Non-monetary

Duration of Partnership: 24 months

Summary of Partnership: Entrepreneurship and Education go hand in hand; and at LSETF, we value both cadres. This is what led to our partnership with Nigeria's first payment service bank, **9PSB in June 2023.** This partnership focused on financial literacy and agent banking training programs for Lagos residents, leading to gainful employment and growth for small businesses. The partnership jointly trained **1,217 people across Alimosho, Ikorodu and Badagry LGAs and provided agent banking tools to 88 participants.**

See "LSETF Sources of Funds and Expenditure analysis for details of these contributions.



OTHER ACTIVITIES OF THE BOARD

The following activities and initiatives were carried out and approved by the Board in collaboration with the LSETF Management.

- 1. Mamie's Beauty Hub:** following the launch of the Mamie's Beauty Hub in December 2022, the Board, in conjunction with the management facilitated the commencement of operations at the Hub aggregating businesses in the beauty ecosystem.
- 2. Launch of a Recycling Hub:** The Board approved the launch of a recycling hub, in partnership with Sahara Foundation and Wecyclers, as part of its contributions to green economy.
- 3. Stakeholder Engagement on the Lagos State Labour Market Information System (LMIS):** The Board in conjunction with the management facilitated a soft launch of the LMIS portal, and engaged with stakeholders on key contact persons to support data-gathering efforts. Subsequently, the Fund examined data collection across the diverse stakeholder groups leveraging field enumerators deployed by Deloitte with **over 23,000 responses** received via surveys. The portal was also reviewed and updated following feedback from stakeholder engagements.
- 4. Induction of New Trustees:** Following the appointment of the new Commissioners at the Ministry of Finance, and Ministry of Wealth Creation and Employment, the Board onboarded the Honorable Commissioners in line with the provisions of the Board Charter.
- 5. Approval of New Policies:** The Board also continued to introduce and approve new policies relevant to the achievement of the Fund's mandate.
- 6. Continuous Synergy with the Ministry of Wealth Creation and Employment:** The Fund continued to identify areas of collaboration with the Ministry of Wealth Creation and Employment, and synergized efforts on aligned programmes for the benefit of the people of Lagos State.
- 7. Appointment of Key Executives:** In its responsibility to ensure continuity, the Board led the appointment of certain key executives following the exit of the individuals who held the positions.

In 2023, the Board of Trustees held ten (10) meetings. To effectively provide oversight, the Board Committees held eighteen (18) meetings in total as follows:

1. Audit and Risk Committee - **five (5) meetings**
2. Credit and Investment Committee - **three (3) meetings**
3. Governance Committee - **seven (7) meetings**
4. Stakeholders Committee - **three (3) meetings**



BOLA ADESOLA
Chairperson, Board of Trustees
FRC/2013/CIBN/00000001629
16th June 2024



FEJISAYO ALAYANDE
Acting Executive Secretary
FRC/2024/PRO/OTHERS/002/161753
16th June 2024

LSETF SOURCES OF FUNDS AND EXPENDITURE ANALYSIS

SOURCES OF FUNDING

As a government owned Fund, LSETF operations are funded via the following means:

SUBVENTION FROM THE GOVERNMENT

The Lagos State Employment Trust Fund (**LSETF**) derives its major source of funding from the Lagos State Government (**LASG**) in the form of subvention to run the Fund's programmes for both capital and recurrent (operating) expenditures. In line with **Generally Acceptable Accounting Principles (GAAP)** and applicable accounting standards (International Public Sector Accounting Standards), this source of funding is regarded as funding from owners of the Fund and as such reported as capital contribution rather than income in the Fund's financial statements. Subvention received from **LASG in 2023 was ₦1.85 billion (2022: ₦830 million)** and has been disclosed as capital contribution for the purpose of these financial statements. The Fund has received a total of **₦17.35 billion** as subvention from **LASG since inception.**



GRANTS & DONATIONS

LSETF also funds its programmes and operations through grants and donations received from donor agencies (**international and local**). Grants could be in form of cash or kind. Grants received with conditions attached to them are not recognized as revenue until the stipulated conditions are met. For this type of grant, income is recognized on a systematic basis over the period in which the Fund recognises expenses for the related cost for which the grant is intended to compensate.

Major grant donors to the Fund in 2023 include:

Go-Recycling Initiative: In collaboration with Sahara Foundation, Wecyclers, and IBILE Oil and Gas Group as funder, and implementing partners, LSETF launched the Go-Recycling initiative. Our aim at LSETF is to project the income-generating potential of recycling while cleaning up Lagos state. We created 75 direct and 150 indirect jobs via the 6 waste collection hubs at Apapa-Iganmu, Igan-do-Ikotun, Isolo, Ifako-Ijaiye, Onigbongbo, Lagos Island LCDAs in the year 2023. The funding amount was a non-direct cash of N60 million over the period of 12 months.

Digital and financial literacy: The Fund's partnership with Nigeria's first payment service bank, 9PSB commenced in June 2023. This partnership focused on financial literacy and agent banking training programs for Lagos residents, leading to gainful employment and growth for small businesses. The partnership jointly trained 1,217 people across Alimosho, Ikorodu and Badagry LGAs and provided agent banking tools to 88 participants.

United Nations Development Programme (UNDP): In 2020, LSETF signed a partnership agreement with UNDP for the Phase 2 of the Lagos State Employability Support Project to train 2,000 unemployed and under-employed youths aged 18 to 45 years with special consideration for women and persons living with disabilities. The funding commitment is to be evenly shared at 50:50 between UNDP and LSETF, with the total fund equalling USD2,000,000.

Bank of Industry & TACT Foundation: LSETF signed a partnership with the Bank of Industry, TACT Foundation, and Polaris Bank Limited on July 20th, 2022, to establish and fund a Constituency Revolving Loan Fund of N305 million at an interest rate of 6%, with N100million of this fund contributed by LSETF. This Fund was created to ameliorate the negative impact of the COVID-19 pandemic on micro, small, and medium enterprises (MSMEs) situated and operating within the Lagos East Senatorial District by providing access to affordable funding.

Mastercard Global: LSETF signed a partnership with Mastercard Global on October 7, 2022, to deploy technology entrepreneurship and skills development programs for MSMEs in Lagos state. In addition, this partnership will leverage the Mastercard technology, digital assets, and services to support LSETF's programmes in driving financial inclusion and access to finance and enhance technology adoption by promoting financial inclusion solutions and digital platforms. The 3-year Partnership runs until December 2025.

LOAN REPAYMENTS:

Loan repayments refer to repayments on loans and advances made to beneficiaries of the Fund's loan programmes. Loan repayments are essentially used to fund more loans as well as related expenditure. During the year, the Fund received a total sum of **₦985.93million (2022: ₦569.84million)** as repayment of due principal and interest on loans granted to beneficiaries.

INTEREST FROM INVESTMENTS:

LSETF also derives its funding from cash generated from the investment of idle funds. As part of the Fund's cash management strategy and the need to obtain maximum benefit from assets, certain sums were placed with financial institutions during the year earning investment income of **₦23.75-million (2022: ₦27.10million)**

EXPENDITURE

Expenses incurred during the course of carrying out the operations and programmes of the Fund are categorised as cash and non-cash with the non-cash element not requiring actual outflow of cash and based on applicable accounting standards and principles. Some of the Fund's cash related expenses are stated below:

Program expenses:

This refers to the direct expenses incurred in carrying out the Fund's programmes and interventions: Loan program expenses: These are expenses directly attributable to the loan programme. Some major expenses incurred include, pre-disbursement checks on loan beneficiaries, insurance policies taken on loan beneficiaries, management fees paid to fulfillment partners (microfinance and commercial banks) to manage the loan facilities given out, etc. The loan program expenses for 2023 was **₦78.9 million (2022: ₦831.5 million)**.

Other program expenses:

This refers to non-loan related program expenses and covers expenses for the employability program, Lagos Innovates, Market Stimulation, Employment Summit, etc. In 2023, other program expenses amounted to **₦1.192 billion (2022: ₦1.767 billion)**.

Operating/recurrent expenses:

These are expenses incurred during the course of normal operations of the Fund. For the purpose of these financial statements, operating expenses have been presented in 2 broad categories as listed below:

Personnel expenses: This include staff salaries and wages, staff allowances and pension contributions. Personnel expenses in 2023 was **₦536.561 million (2022: ₦488.213 million)**.

Other operating expenses: This includes office/equipment maintenance, administrative expenses, rent and service charges, board-related expenses, training etc. Other operating expenses in 2023 amounted to **₦486,228 million (2022: ₦594.987 million)**.

As required by relevant accounting standards and principles, the Fund takes certain non-cash expenses as part of the total expenses during any accounting period regardless of whether there is an actual cash outflow during the period or not. These expenses are explained below:



Impairment charges: This relates to charges made to the Income statement of estimated loss arising from the extent of recoverability of the loans granted to beneficiaries. Under the incurred loss model of IPSAS 29, a financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of one or more events occurring. Measurement of impairment losses across all LSETF loan categories requires judgement on the estimation of the amount and timing. These estimates are driven by several factors, changes to which result in different levels of allowances. The Fund's impairment calculations are outputs of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. Impairments are non-cash charges hence do not affect the liquidity of the Fund. The Fund assesses whether there is objective evidence that Fund Under Management are not carried at fair value, i.e. impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include;

- Significant financial difficulty of the obligor,
- Default or delinquency by a borrower resulting in a breach of contract,
- Restructuring of a loan or advance by the Fund on terms that the Fund would not otherwise consider,
- Indications that a borrower will enter bankruptcy,
- Other observable data relating to a group of assets such as adverse changes in the payment status of borrowers, or economic conditions that correlate with defaults.

LSETF loans are unsecured. Where no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Fund includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Some impairment parameters like Loss Given Default (LGD) and Probability of Default (PD), Recovery Rate (RR) are typically set at loan program level. These parameters are significantly influenced by collection strategies and collateral deposits. In 2023, the Fund had a net writeback of **₦485.115 million (2022: Net impairment charge of ₦92.72million)**. Refer to Note 5d for further details.

Depreciation: Depreciation represents the reduction in the value of an asset over time due to wear and tear. The Fund calculates its depreciation using the straight-line method and the rate applied varies based on the estimated useful life of the assets (Motor vehicle, Office Equipment, Furniture & Fittings, etc.). Depreciation in 2023 was **₦44.04 million (2022: ₦43.76 million)**.

Amortization of intangible assets: Amortization refers to the allocation of the cost of an intangible asset over time. The Fund calculates the amortization costs on a straight-line basis over the useful life of the asset. Intangible assets include software. Amortization costs for 2023 was **₦4.49 million (2022: ₦4.50million)**.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS

for the year ended 31 December 2023

The Trustees accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Lagos State Employment Trust Fund Law 2016 and the Financial Reporting Council (FRC) of Nigeria Act, 2011.

The Trustees further accept responsibility for maintaining adequate accounting records as required by the Lagos State Public Finance Management Laws, Laws of the Federation of Nigeria, 2004 and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Trustees have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe that the Fund will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF TRUSTEES BY:

BOLA ADESOLA
Chairperson, Board of Trustees
FRC/2013/CIBN/00000001629
16th June 2024

FEYISAYO ALAYANDE
Acting Executive Secretary
FRC/2024/PRO/OTHERS/002/161753
16th June 2024

BOARD AUDIT AND RISK COMMITTEE (THE “COMMITTEE”) REPORT

for the year ended 31 December 2023

The Audit and Risk Committee of the Board of Trustees of the Lagos State Employment Trust Fund (LSETF) hereby present its report for the year ended 31st December 2023.



Functions and Responsibilities

The Committee is saddled with the following key responsibilities:

- Review, monitor compliance with and make recommendations on the integrity of the financial statements and financial reporting process;
- Review, monitor and make recommendation on the choice of accounting policies and principles;
- Review, monitor and make recommendations on the activities, hiring, performance and independence of the external and internal auditors;
- Review, monitor compliance with and make recommendations on the effectiveness of the system of internal controls, accounting and operating procedures;
- Review, monitor compliance with and make recommendations on policy standards and guidelines for risk assessment and management;
- Review, monitor compliance with and make recommendations on legal and regulatory requirements, including completeness of disclosures; and,
- Review, monitor compliance with and make recommendations on ethics, and whistle-blowing policy.



Composition

The Committee is constituted by the following Trustees:

- Ms. Kofoworola Durosini-Etti (Chairperson);
- Mr. Abayomi Oluyomi (Hon. Commissioner, Lagos State Ministry of Finance) who took over from the immediate past Commissioner, Dr Rabiun Onalapo Olowo;
- Mr. Ronald Chagoury; and
- Mr. Sinari Bolade Daranijo



Meetings

During the year, the Committee held five (5) meetings on the following dates:

- 13th April 2023
- 25th April 2023;
- 16th June 2023;
- 14th September 2023; and
- 21st December 2023

Activities

A summary of the activities of the Audit and Risk Committee during the year under review is presented below:

i. 2022 Financial Statements

The Committee reviewed, considered, and recommended the Audited Financial Statements for the year ended 31st December 2022 for Board approval, following meetings with the external auditors.

ii. Internal Audit

The Committee closely monitored the compliance level of the Fund by considering the monthly and quarterly internal audit findings, and where required, advised on the remedial actions to the Board and Management.

iii. Goals and Objectives for the Audit and Risk Teams

The Committee facilitated the setting of targets for the key team in internal audit and risk and compliance teams, in order to drive consistency in compliance and control system within the Fund.

iv. Audit Plans

The Committee considered, reviewed and approved the external audit plan for the year ended 2023, and the internal audit plan ahead of 2024.

iv. Enterprise Risk Management:

The Committee adopted monthly and quarterly high-level review of the Fund's enterprise risk management reports. The reports gave an insight to the Fund's exposure to identified core risk groups that significantly impact the outcome of the Fund's strategic objectives. The report also compares the current risk mitigation and management performance status with previous periods to establish trends and provide recommendations where required.

SIGNED ON BEHALF OF THE AUDIT AND RISK COMMITTEE

KOFOWOROLA DUROSINI-ETTI

Chairman, Board Audit and Risk Committee

FRC/2016/IODN/00000013750

16th June 2024

BOARD CREDIT AND INVESTMENT COMMITTEE

for the year ended 31 December 2023

The Credit and Investment Committee (the 'Committee') of the Board of Trustees of the Lagos State Employment Trust Fund ("LSETF"/ the "Fund") is pleased to present its report for the year ended 31st December 2023.



Functions and Responsibilities

The principal functions and responsibilities of the Committee include the following:

- Determining appropriate credit and investment policies and procedures;
- Determining the extent to which funds raised will be disbursed directly to beneficiaries as credit or through Fund Managers subject to the rules guiding funds raised or sourced;
- Overseeing the Fund's credit and investment risks by ensuring that an appropriate control environment and reporting process are in place to govern the management of credit and investment risks;
- Provide oversight for the Fund's investment activities and periodically review and evaluate the Fund's approval policy for investments;
- Oversee significant treasury matters such as capital structures, liquidity and fixed income;
- Overseeing the management of the Funds' investment portfolio;
- Recommend to the Board all viable credit and investment proposals, related applications and execution of related instruments; and,
- Determine key performance indicators for the counter party financial institutions that may be engaged by the Board for disbursement to ensure they meet the requisite standard.



Composition

The Committee is constituted by the following Trustees:

- Mrs. Tatiana Moussalli-Nouri (Chairman)
- Ms. Kofo Durosinmi-Etti
- Mr. Idris Olorunnimbe
- Mr. Abayomi Oluyomi (Hon. Commissioner, Lagos State Ministry of Finance) who took over from the immediate past Commissioner, Dr Rabiú Onaolapo Olowo;



Meetings

During the year under review, the Committee had three (3) meetings outlined below:

- 18th April 2023
- 21st June 2023; and
- 15th September 2023.

Activities

A summary of the activities of the Audit and Risk Committee during the year under review is presented below:

i. Review of Loan Applications:

The Committee periodically reviewed and made recommendations to the Board in respect of generic, job hubs, and workspace voucher loan applications.

ii. Collaborations:

The Committee encouraged collaborations across all the Fund's loan programmes, to drive the achievement of the mandate.

iii. Continuous Review of the Loan Process:

The workflow of the loan process was evaluated by the Committee and suggestions proffered to improve the efficiency of the process.

iv. Credit Risk Management:

The Committee reviewed the Fund's loan portfolio, credit loss ratio and portfolio at risk from time to time. During the period under review, the Committee also made recommendations to the Board on the review of the LSETF credit process.

SIGNED ON BEHALF OF THE CREDIT AND INVESTMENT COMMITTEE

TATIANA MOUSSALLI-NOURI

Chairman, Board Credit and Investment Committee

16th June 2024

BBOARD GOVERNANCE COMMITTEE REPORT

for the year ended 31 December 2023

The Governance Committee (the "Committee") of the Lagos State Employment Trust Fund ("LSETF" / "Fund") Board of Trustees is pleased to present a report of its activities for the year ended 31 December 2022.



Functions and Responsibilities

The principal functions and responsibilities of the Committee include the following:

- Reviewing, and monitoring compliance with, and making recommendations for amendments to the corporate governance framework of the Fund;
- Reviewing and making recommendations on the proposals for the remuneration of the Board for subsequent presentation to the Governor for approval;
- Reviewing and proposing for Board approval, the overall remuneration and benefits policy for employees of the Fund;
- Monitoring proper reporting and disclosure of the state of affairs of the Board to the Governor, Accountant-General and other stakeholders;
- Overseeing the finance and human resource management functions;
- Ensuring optimal performance of the Board towards achieving its mandate as enshrined in the laws governing the operation of the Fund;
- Monitoring, overseeing, and making recommendations to the Board on all actions instituted or proposed by the Fund at the Small Claims Court or any other court for the recovery of loans from defaulters.



Composition

The Committee is constituted by the following Trustees:

- Mr. Idris Olorunnimbe (Chairman);
- Mr. Olusegun Ojelade;
- Mr. Ronald Chagoury; and
- Mr. Akinyemi Ajigbotafe (Hon. Commissioner, Lagos State Ministry of Wealth Creation and Employment), who took over from the immediate past Commissioner, Hon. Yetunde Arobieke.



Meetings

During the year under review, the Committee had seven (7) meetings outlined below:

- 25th January 2023
- 15th February 2023;
- 19th April 2023;
- 22nd June 2023;
- 25th September 2023;
- 27th October 2023; and
- 15th November 2023

Activities

A summary of the activities of the Audit and Risk Committee during the year under review is presented below:

i. 2022 Budget Performance:

The Committee considered the Fund's performance in 2022 in line with the available budget, and advised the management to expand its capacity whilst keeping cost at the barest minimum.

ii. Cost Optimization:

In line with the Board's objective to reduce the cost of operations, the Committee, together with the management, considered ways to optimize cost and implemented the restructuring of the Fund's workspace, and staff redeployment, subsequently approved by the Board following the Committee's recommendations

iii. Sustainability Initiatives:

As part of the Fund's resolve to contribute to the green economy, the Committee considered and recommended strategic initiatives geared towards sustaining the environment, including partnerships to foster those initiatives.

iv. Cashflow Projection Review:

For proper cash management and planning, a periodic liquidity projection was carried out 9 months between **April – December 2023** using the cash balances available with the assumption on subvention inflow.

vi. Policy Formulation:

The Committee spearheaded the establishment of the following policies and recommended the same for Board approval:

- Intervention Inclusion Policy;
- Pioneer Staff Exit Policy; and
- Anti-Bribery, Fraud and Corruption Policy

v. Consideration of 2024 Budget:

The Committee reviewed the 2024 Budget prepared by the management, prior to subsequent presentation to the Board and the Lagos State House of Assembly, for approval.

SIGNED ON BEHALF OF THE GOVERNANCE COMMITTEE

IDRIS OLORUNNIMBE

Chairman, Governance Committee

16th June 2024

BOARD STAKEHOLDERS COMMITTEE (THE “COMMITTEE”) REPORT

for the year ended 31 December 2023

The Stakeholder Committee of the Board of Trustees of the Lagos State Employment Trust Fund (LSETF) hereby present the report of its activities for the year ended 31 December 2023



Functions and Responsibilities

The principal functions and responsibilities of the Committee include:

- Continuing identification and monitoring of significant stakeholders and stakeholder groups relevant to the Fund;
- Determining how stakeholder/media enquiries are to be handled and maintaining a broad overview of strategic issues that may be of interest to specific stakeholders;
- Building credibility, inspiring commitment and creating stakeholder support for the Fund;
- Developing strategy for advocacy and interaction within Lagos State and relationships with other States and the Federal Government;
- Determining the quantum, nature and source of funds to be raised to meet the Fund's mandate, as input into the overall strategic plan of the Fund;
- Raising of funds from stakeholders; and
- Redressing stakeholders and donor complaints



Composition

The following Trustees were members of the Committee during the period under review:

- Mr. Sinari Bolade Daranijo (Chairman);
- Mrs. Tatiana Moussalli-Nouri;
- Mr. Olusegun Ojelade; and
- Mr. Akinyemi Ajigbotafe (Hon. Commissioner, Lagos State Ministry of Wealth Creation and Employment), who took over from the immediate past Commissioner, Hon. Yetunde Arobieke.



Meetings

During the year under review, the Committee had three (3) meetings outlined below:

- 16th February 2023;
- 17th July 2023; and
- 13th December 2023

Activities

The activities of the Committee are summarized below:

i. Lagos Employment Summit:

The Committee commenced planning and fundraising activities for Lagos State Employment Summit ahead of 2024.

ii. Review of the 2023 Fundraising and Partnership Plan:

The Committee reviewed the 2023 fundraising and partnership plan presented by the management team and subsequently presented the same for Board approval.

iii. Review of the 2023 Strategic Communication Plan:

The Committee reviewed the Communication Plan, which was implemented through social media, television and radio advert

iv. Establishment of a Volunteer Network:

The Committee, together with the management team, implemented a volunteer network of professionals in different sectors, to further strengthen the capacity of the Fund to deliver impact-driven interventions

v. Periodic Updates on Strategy, Funding and Stakeholder Management:

The Committee deliberated quarterly on activities bordering on strategy, funding, and stakeholder management. The Committee proffered solutions where required and constantly encouraged the management team to explore external fundraising activities to further drive its objectives.

SIGNED ON BEHALF OF THE STAKEHOLDERS COMMITTEE

SINARI BOLADE DARANIJO
Chairman, Stakeholders Committee
16th June 2024



Independent auditor's report

To the Members of Lagos State Employment Trust Fund

Report on the audit of the financial statements

Our opinion

In our opinion, Lagos State Employment Trust Fund's ("the Organization's") financial statements give a true and fair view of the financial position of the Organization as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Lagos State Employment Trust Fund Law (LSETF) 2016 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Lagos State Employment Trust Fund's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of financial performance for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

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

Independence

We are independent of the Organization in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The trustees are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Trustees' Report, Sources of Fund and Expenditure Analysis, Statement of Trustees' Responsibilities in relation to the preparation of financial statements, Board Audit and Risk Committee report, Board Credit and Investment Committee report, Board Governance Committee report, Board Stakeholders Committee report, Value Added Statement and Financial Summary, 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees and those charged with governance for the financial statements

The trustees are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Lagos State Employment Trust Fund (LSETF) Law 2016, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the trustees 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 trustees are responsible for assessing the company'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 trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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 judgement and maintain professional scepticism throughout the audit. We also:

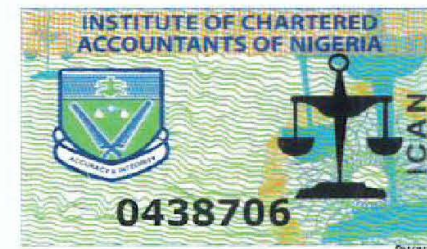
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Edefe Erhie
FRC/2013/PRO/ICAN/004/00000001143



10 September 2024

STATEMENT OF FINANCIAL PERFORMANCE:

for the year ended 31 December 2023

In thousands of Naira	Notes	31-Dec-23	31-Dec-22
Revenue			
Interest income	14	162,448	43,009
Grant income	15	251,177	605,126
Other income	16	976,223	265,462
Total revenue		1,389,848	913,597
Expenses			
Amortisation of intangible assets	8	(4,493)	(4,495)
Depreciation of property and equipment	9	(44,043)	(43,759)
Impairment write-back/(charge)	17	485,115	(92,715)
Program expenses	18	(1,270,438)	(2,598,589)
Personnel expenses	19	(536,561)	(488,213)
Other operating expenses	20	(486,228)	(594,987)
Total operating expenses		(1,856,648)	(3,822,758)
Performance for the year (Deficit)		(466,800)	(2,909,161)
Performance for the year		(466,800)	(2,909,161)

The accompanying notes on pages 35 to 82 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION:

for the year ended 31 December 2023

In thousands of Naira	Notes	31-Dec-23	31-Dec-22
ASSETS			
Non current assets			
Property, plant and equipment	9	74,004	102,415
Intangible assets	8	3,981	8,474
		77,985	110,889
Current assets			
Loans and advances	5	2,368,252	1,787,526
Prepayments	6	27,294	34,503
Other assets	7	902,896	1,007,070
Cash and cash equivalents	4	1,897,001	851,348
		5,195,443	3,680,447
Total assets		5,273,428	3,791,336
EQUITY			
Capital contribution	13	17,346,073	15,497,533
Accumulated deficit from operations	22	(12,589,213)	(12,122,413)
		4,756,860	3,375,120

In thousands of Naira	Notes	31-Dec-23	31-Dec-22
Current liabilities			
Managed Loans	10	55,859	55,859
Deferred/unearned income	11	201,425	170,937
Other liabilities and accruals	12	259,284	189,420
		516,568	416,216
Total liabilities		516,568	416,216
Total liabilities & equity		5,273,428	3,791,336

The accompanying notes on pages 35 to 82 are an integral part of these financial statements.

The financial statements on pages 31 to 82 and other national disclosures on pages 84 and 85 were approved and authorised for issue by the Board of Trustees.


BOLA ADESOLA
 Chairperson, Board of Trustees
 FRC/2013/CIBN/00000001629
 16th June 2024


FEYISAYO ALAYANDE
 Acting Executive Secretary
 FRC/2024/PRO/OTHERS/002/161753
 16th June 2024

Additionally certified by:

ADEWUMI OLAWALE ONI FCA
 Director, Finance and Corporate Services
 FRC/2015/ICAN/00000012900
 16th June 2024

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In thousands of Naira	Notes	Capital Contribution	Accumulated Deficit	Total Equity
Balance as at 1 January 2022		14,667,533	(9,213,252)	5,454,281
Transaction recorded directly in equity	13(a)	830,000	-	830,000
Performance for the year		-	(2,909,161)	(2,909,161)
Balance as at 31 December 2022		15,497,533	(12,122,413)	3,375,120

In thousands of Naira	Notes	Capital Contribution	Accumulated Deficit	Total Equity
Balance as at 1 January 2023		15,497,533	(12,122,413)	3,375,120
Transaction recorded directly in equity	13(a)	1,848,540	-	1,848,540
Performance for the year		-	(466,800)	(466,800)
Balance as at 31 December 2023		17,346,073	(12,589,213)	4,756,860

The accompanying notes on pages 35 to 82 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

In thousands of Naira	Notes	31-Dec-23	31-Dec-22
Cash flows from operating activities			
Deficit from operations		(466,800)	(2,909,161)
Adjustments for non-cash items:			
Amortisation	8	4,493	4,506
Depreciation	9	44,043	43,759
Allowance for impairment (write-back)/charges	5(c)	(485,115)	92,715
Reallocation to managed loans	5(c)	(19,281)	-
Late repayment fees	5	(2)	(33)
Interest income	14	(162,448)	(43,009)
		(1,085,110)	(2,811,225)
Changes in prepayments	21 (i)	7,209	(2,193)
Changes in other current assets	21 (ii)	104,174	810,527
Changes in loans and advances	21 (iii)	86,120	(773,428)
Changes in unearned income	21 (iv)	30,488	126,689
Changes in other liabilities and accruals	21 (v)	69,865	47,134
Net cash used in operating activities		(787,254)	(2,602,494)
Cash flows from investing activities			
Acquisition of intangible assets	8	-	(9,802)
Acquisition of property, plant and equipment	9	(15,632)	(23,666)
Net cash from investing activities		(15,632)	(33,468)
Cash flows from financing activities			
Capital contribution	8	1,848,540	830,000
Net cash from financing activities		1,848,540	830,000
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	4	851,348	2,657,310
Net increase in cash and cash equivalents		1,045,653	(1,805,962)
Cash and cash equivalents at 31 December	4	1,897,001	851,348

The accompanying notes on pages 35 to 82 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. REPORTING ENTITY

The Lagos State Employment Trust Fund ("LSETF" or "the Fund"), was established in 2016 by the Lagos State Employment Trust Fund Law of the Lagos State House of Assembly and is domiciled in Nigeria. LSETF was established to provide financial support to residents of Lagos State, for job, wealth creation and to tackle unemployment. LSETF serves as an instrument to inspire the creative and innovative energies of all Lagos residents and reduce unemployment across the State. The Fund has the mandate to directly invest **N25 Billion** in helping Lagos residents grow and scale their **Micro Small and Medium Enterprises ("MSMEs")** or acquire skills to get better jobs. LSETF will focus on promoting entrepreneurship by improving access to finance, strengthening the institutional capacity of MSMEs, and formulating policies designed to improve the business environment in Lagos State. The registered office is located at 16, Billings Way, Oregun Ikeja, Lagos.

The Fund recognizes the subventions received from the Lagos State Government (its major shareholder and regulatory board), as equity in the statement of financial position, using the Assets-Liability approach, as adopted from the guidance of IPSAS 23 "Revenue from Non-Exchange Transactions"

The financial statements of the Lagos State Employment Trust Fund (LSETF) for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Trustees on 16th June 2024.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

(a.) Summary of significant accounting policies

These financial statements have complied with the International Public Sector Accounting Standards (IPSAS) for accrual basis of accounting issued by International Public Sector Accounting Standards Board (IPSASB) and Financial Reporting Council (FRC) of Nigeria Act, 2011. The measurement base applied is historical cost basis.

The financial statements have been prepared on a going concern basis and the accounting policies have been consistently applied throughout the year.

(b) Functional and presentation currency

The financial statements are presented in Nigerian currency (Naira) which is the Fund's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Going concern

The Fund's Trustees have made an assessment of the Fund's ability to continue as a going concern and are satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Trustees are 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 have been prepared on the going concern basis.

(d) Use of estimates and judgments:

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.

Estimates and assumptions:

Property and equipment

The Fund carries its property 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 life and residual values of the assets are determined by management at the time the asset is acquired and reviewed periodically. The useful life is based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Impairment allowance

Assets accounted for at amortized cost are evaluated for impairment on a basis described in the accounting policy 3.6. In calculating impairment allowance, assets are categorized into individually impaired and, collectively impaired. In categorizing assets into whether individually or collectively impaired, Management exercise some degree of judgement regarding what events/criteria are the loans to be measured against. The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cashflows that are expected to be received. In estimating these cashflows, management makes judgements about a counterparty's financial situation. Each impaired assets is assessed on its merits, and the workout strategy and estimate of cashflows considered recoverable are independently reviewed by the risk management function.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. They have been applied consistently for similar transactions, other events and conditions unless otherwise stated.

Collectively assessed impairment allowance cover credit losses inherent in portfolios of loans and advances with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances but the individual impaired items cannot yet be identified. In order to estimate the required allowances, assumptions are made to define the way inherent losses are modelled and to determine required input parameters, based on historical experience or benchmark (when there is no sufficient historical data). The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. They have been applied consistently for similar transactions, other events and conditions unless otherwise stated.

3.1 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Property and equipment are stated at historical cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property 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 acquired through nonexchange (e.g. donations to the Fund) the cost represents the fair value of the acquired items.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(iii) Depreciation

When parts of an item of property or equipment have a different useful life, 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 and equipment to their residual values over their estimated useful life.

The estimated annual rates of depreciation are as follows:

	Percentage (%)
Furniture and equipment	20
Office equipment	25
Motor vehicles	25
Computer equipment	25
Leasehold improvements	Over the term of the lease

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 and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

(iv) Derecognition

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.

(v) Leasehold improvements

The Fund recognises leasehold improvements as property, plant and equipment. The improvements are measured at cost on initial recognition, when it is probable that economic benefits will flow to the entity and the resources will be used for more than one financial period. Subsequent to initial recognition the asset is measured at cost less accumulated depreciation in the same policy as other items of property and equipment.



3.2 INTANGIBLE ASSETS

(i) Recognition and measurement

Intangible assets constitute of Loan application and Accounting software. Software not integral to the related hardware acquired by the Fund is stated at cost less accumulated amortisation and accumulated impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Fund, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

(ii) Subsequent measurement

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are expensed as incurred.

(ii) Subsequent measurement

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that the asset is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life is 3 years. Amortisation methods, useful life and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) De-recognition:

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income or deficit in the year it was de-recognised.

3.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or cash generating unit. An impairment loss is recognised for nonfinancial assets when the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets not yet available for use are tested for impairment annually. All other assets are assessed for indicators of impairment at the end of each reporting period.

3.4 REVENUE

Revenue recognition criteria for exchange and non-exchange transactions

Revenue from an exchange transactions 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. such revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment excluding taxes. Revenue from a non-exchange transaction recognised as an asset is recognised as a revenue except to the extent that a liability is also recognised in respect of the same inflow. Such revenue is measured at the amount of the increases in net assets recorded by the Fund.

The Fund's revenue comprises interest income, grant income, donations and other income:

● Interest income

For all financial instruments measured at amortised 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 or expenditure.

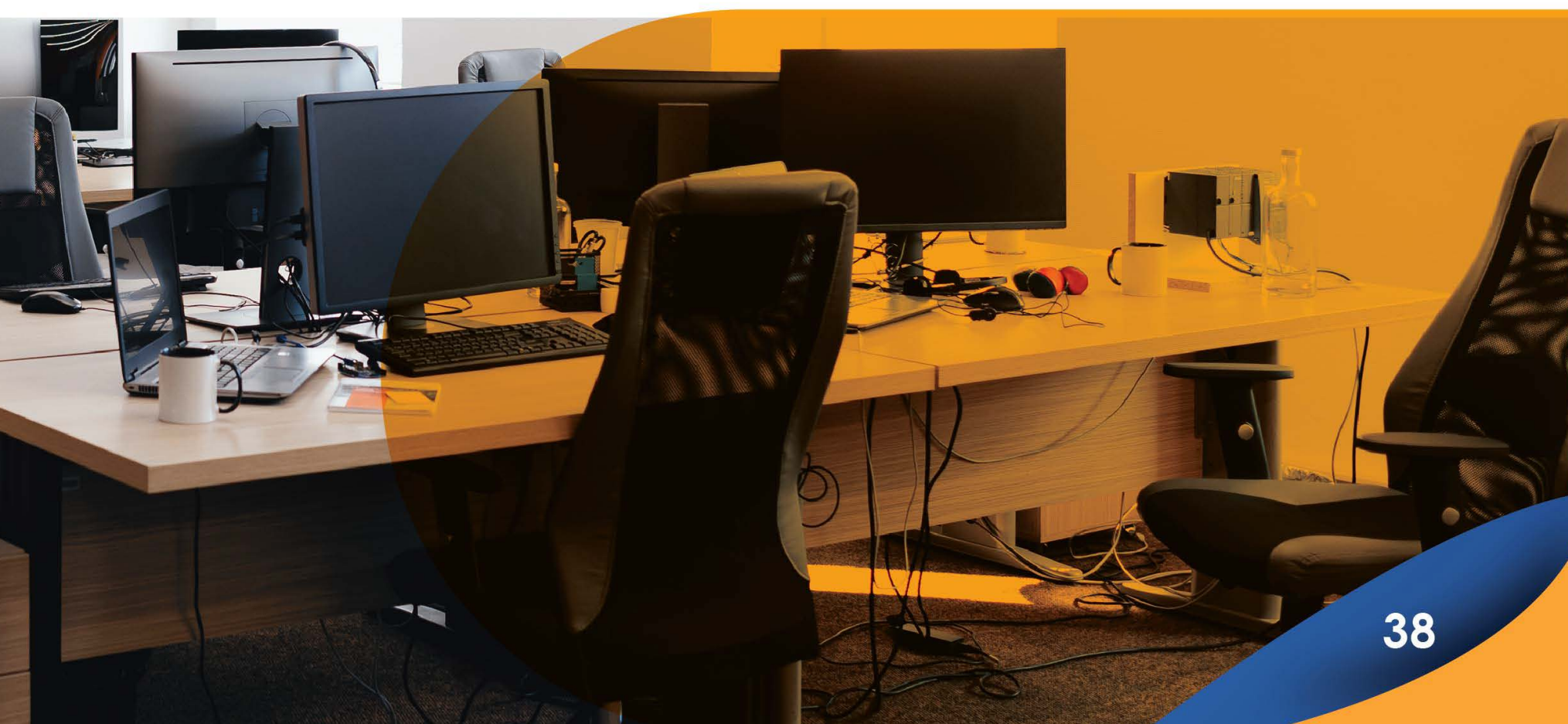
Interest Income Received are the funds generated through the loans given out to the beneficiaries and placement with other financial institution.

● Grant income

A number of the Fund's programs are supported by grants received from donor agencies (both local and international). If conditions are attached to a grant which must be satisfied before the Fund is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Grants are recognised in the Income statement on a systematic basis over the period in which the Fund recognises as expenses the related costs for which the grants are intended to compensate.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Fund with no future related costs are recognised in the profit or loss in the period in which they are received or become receivable.



● Donations

Donations collected are recognised as revenue when the Fund gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Grants/donations relate to the grant received through the partnership between LSETF, USADF and BIG WIN during the period.

● Other income

Other income represents income generated from sources other than interest and grant income. It includes income realised from income generated from current account balances and penal charges on late repayments by beneficiaries. Income is recognized when the right to receive the income is established.

3.5 FINANCIAL INSTRUMENTS

(a) Classification

The classification of financial instruments depends on the purpose for which the assets are acquired. The Fund classifies its financial assets in the following category:

- Loans and receivables;

The Fund's liabilities are classified in the following categories:

- Other financial liabilities.

Loans and receivables are loans and advances to beneficiaries, cash and bank balances and placements with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

Other financial liabilities are other payables, unearned income and managed loans.

(b) Recognition

Financial instruments are initially recognised at fair value and on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or where the Fund has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and advances to customers are initially measured at fair value. These represent the Fund's Owned and Managed Loans.

Managed Loans

This is a counter party funding between **LSETF and other third parties**. Risks and rewards are also borne by each party based on the agreement.

Other financial liabilities:

Other financial liabilities are initially measured at fair value.

(c) Subsequent measurement

Loans and receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest method (cost plus accrued interest) in the statement of financial position.

Repayments from loan beneficiaries refers to repayment amount on loans and advances to beneficiaries of the Fund's loan programs.

Other financial liabilities:

Other financial liabilities are subsequently measured at amortised cost.

(d) Derecognition of financial instruments

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

The Fund may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Fund neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Any interest in transferred financial assets that is created or retained by the Fund is recognised as an interest income or interest expense in the surplus or deficit.

(e) Amortised cost measurement:

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) Fair value measurement

The Fund did not measure any assets or liabilities at fair value at the end of the reporting period. However, fair values of financial instruments measured at amortised 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
- The principal or the most advantageous market must be accessible 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.6 IMPAIRMENT OF FINANCIAL ASSETS

The Fund first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

a) Individually assessed financial assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- evidence of default of contractual payment terms;
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of the financial assets.

If there is objective evidence that an impairment loss on an account receivable has been incurred, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. The amount of the loss is the difference between the receivable carrying amount and the present value of the estimated cash flows expected to be received. Estimates of changes in future cash flows for financial assets are reflected and directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Fund to reduce any differences between loss estimates and actual loss experience. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as the repayment of outstanding balance), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss under impairment charge for credit losses.

b) Collectively assessed financial assets

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Fund and historical loss experience or benchmark experience with credit risk characteristics similar to those in the Fund. Historical loss experience or benchmark experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist or entity specific situation to reflect the effects of conditions that are present in the benchmark but not in the Fund and vice versa. The methodology and assumptions used for estimating future cash flows will be reviewed regularly by the Fund to reduce any differences between loss estimates and actual loss experience.

3.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and bank balances and placements with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost (cost plus accrued interest) in the statement of financial position.

3.8 PROVISIONS

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Fund from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Fund recognises any impairment loss on the assets associated with that contract.



3.9 OTHER CURRENT ASSETS AND PREPAYMENTS

Other current assets are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Prepayments are carried at cost less accumulated amortisation.

3.10 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the spot exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the spot exchange rate at the date on which the fair value was determined. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency using the exchange rate at the transaction date. Exchange differences on non-monetary assets are accounted for based on the classification of the underlying items.

3.11 EMPLOYEE BENEFITS

(a) Defined contribution plan

The Fund has a defined contribution plan.

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 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 employ-



ees 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 surplus or deficit 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 recognised for the amount expected to be paid under short-term cash benefits such as accumulated leave and leave allowances if the Fund has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be measured reliably.

3.12 EXPENDITURE

All expenses are accounted for on an accrual basis. The Funds expenses are classified into programs expenses and other operating expenses. Program expenses are expenses incurred wholly and exclusively for the direct actualization of the programs activities of the Fund while other operating expenses are mainly Secretarial and/or Office running expenses.

3.13 CONTINGENT ASSETS AND LIABILITIES

● Contingent assets

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent assets are disclosed in the financial statements when they arise.

● Contingent liabilities

Contingent liability is the probable obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. However, they are recognised, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed in the financial statements when they arise.

3.14 TAXATION

The income of LSETF is exempted from income tax based on the provisions of Section 23 (i) of the Companies' Income Tax Laws of Nigeria and the Section 26 of the Lagos State Employment Trust Fund Act.

3.15 EQUITY

The Fund's equity majorly comprises subventions received from the Lagos State Government (LASG), its parent company (Owner), and the deficit for the year, which is usually net off from the Fund's capital contribution (subventions). Subventions can be defined as a sum of money received by a business from a government.

Section 16 of the Fund's bill states that:

The Board shall have power to raise money for the Fund through voluntary subscription and donations from all interested government agencies, private organizations and individuals but not limited to:

- a) State Government Subventions,
- b) Contribution from the Federal and Local Government Councils in the State,
- c) Financial or material donations from any person whether corporate or otherwise, and several other sources.

These subventions received by the Fund from the Lagos State Government (LASG), are classified as Ownership contributions, in line with the provisions of **IPSAS 1** (The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities).

Ownership contributions are defined as "Inflows of resources to an entity, contributed by external parties in their capacity as owners, which establish or increase an interest in the net financial position of the entity. IPSAS 1, also guides that ownership contributions may take the form of an initial injection of resources at the creation of an entity or subsequent injection of resources, as is consistent with the Lagos State Employment Trust Fund ("The Fund").

Based on the relevant guidance as highlighted above, the Fund has elected to recognize the subventions received from the Lagos State Government (its Shareholder), as equity in the statement of financial position, as adopted from the explicit guidance of IPSAS 23 "Revenue from Non-Exchange Transactions".

3.16 NEW STANDARDS EFFECTIVE IN THE YEAR

There were no new standards effective in the current year under review.

3.17 NEW STANDARDS AND INTERPRETATIONS EFFECTIVE

The following new or revised standards and amendments which have a potential impact on the Fund were effective for the year ended 31 December 2023 and have been applied in preparing these consolidated financial statements.

IPSAS	Effective Date	Contents
IPSAS 41, (Financial Instruments)	1 January 2023.	<p>IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.</p> <p>IPSAS 41 provides users of financial statements with more useful information than its predecessor, IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an

IPSAS	Effective Date	Contents
IPSAS 48, (Transfer Expenses)	1 January 2026	<p>entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p>Source: https://www.ipsasb.org/publications/ipsas-41-financial-instruments-1</p> <p>IPSAS 48, "Transfer Expenses" provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions.</p> <p>Source: https://www.ipsasb.org/publications/ipsas-48-transfer-expenses</p>
IPSAS 42 (Social Benefits)	1 January 2023	<p>IPSAS 42, Social Benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p> <p>IPSAS 42 seeks to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social</p>

IPSAS	Effective Date	Contents
IPSAS 47, (Revenue)	1 January 2026	<p>benefits. To accomplish this, IPSAS 42 establishes principles and requirements for:</p> <ul style="list-style-type: none"> • Recognizing expenses and liabilities for social benefits; • Measuring expenses and liabilities for social benefits; • Presenting information about social benefits in the financial statements; and • Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity. <p>Source: https://www.ipsasb.org/publications/ipsas-42-social-benefits-1</p> <p>IPSAS 47, "Revenue" is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The objective of the Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue transactions. To meet this objective, the Standard:</p> <ul style="list-style-type: none"> - Requires and entity to consider the terms of the transactions, and all relevant facts and circumstances, to determine the type of revenue transaction; and - Sets out the accounting requirements to account for the revenue transaction. <p>Source: https://www.ipsasb.org/publications/ipsas-47-revenue</p>

IPSAS	Effective Date	Contents
IPSAS 45, (Property, Plant and Equipment)	1 January 2025	<p>IPSAS 45, "Property, Plant and Equipment" replaces IPSAS 17 by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured.</p> <p>Source: https://www.ipsasb.org/publications/ipsas-45-property-plant-and-equipment.</p>
IPSAS 46, (Measurement)	1 January 2025	<p>IPSAS 46, "Measurement" provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets.</p> <p>Source: https://www.ipsasb.org/publications/ipsas-46-measurement</p>
IPSAS 49, (Retirement Benefit Plans)	1 January 2026	<p>IPSAS 49, "Retirement Benefit Plans" establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. IPSAS 49 guides the accounting and reporting by a retirement benefit plan from the perspective of the plan itself.</p>

IPSAS	Effective Date	Contents
		<p>This enhances accountability to participants of the plan and other users.</p> <p>Source: https://www.ipsasb.org/publications/ipsas-49-retirement-benefit-plans.</p>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

4 CASH AND CASH EQUIVALENTS

In thousands of Naira	31-Dec-23	31-Dec-22
Cash in hand	670	667
Current accounts with banks (see (a) below)	1,457,644	850,589
Deposits with financial institutions (see (b) below)	438,687	92
	1,897,001	851,348
Classified as:		
Current	1,458,314	851,256
Non - Current	438,687	92
	1,897,001	851,348

(a) Balance in the Fund's current accounts is further analysed as follows:

In thousands of Naira	31-Dec-23	31-Dec-22
Fulfilment partner banks	36,920	146,449
Other bank balances	1,420,724	704,140
	1,457,644	850,589

The amounts with fulfilment partner banks represents sums available for onward loan disbursement to beneficiaries who are yet to fulfil conditions precedent to drawdown.

(b) Deposit with financial institutions include:

In thousands of Naira	31-Dec-23	31-Dec-22
Access Bank Plc	298,613	-
Polaris Bank	130,000	-
Other Banks	92	92
Accrued Interest	9,982	-
	438,687	92

5 LOANS AND ADVANCES

In thousands of Naira	31-Dec-23	31-Dec-22
Movement in loans and advances during the year		
Balance at the beginning of year	4,466,130	3,649,660
Loan disbursed during the year (see note (a) below)	901,805	1,343,310
Interest earned (see note 14 (b))	162,448	43,009
Late repayment fees (see note 16 (a))	2	33
	5,530,385	5,036,012
Repayments	(987,925)	(569,882)
Gross loans	4,542,460	4,466,130
Allowance for impairment (See note (c) below)	(2,174,208)	(2,678,604)
	2,368,252	1,787,526

Gross loans for the year is made up of the following:

In thousands of Naira	31-Dec-23	31-Dec-22
Small and Medium Enterprises	1,831,390	2,037,239
Micro-Enterprises	1,279,460	1,306,236
Hub Loan	18,050	12,717
Honeywell Loan	8,000	8,000
W-Initiative Loan	138,525	141,552
First Edu Loan	45,633	45,635
Edfin Edu Loan	43,509	43,508
Originate/Paystack Loan	1,084,518	826,789
Sky Homes Loan	8,070	8,070
Managed Loans	36,386	36,386
Ikorodu Broilers Hub (IBH)	48,918	-
	4,542,459	4,466,132

Net Loans is classified as:

Current	1,395,547	477,662
Non-Current	986,592	697,781
	2,382,139	1,175,443

(a) Loan disbursed during the year is made up of the following:

In thousands of Naira	31-Dec-23	31-Dec-22
Small and Medium Enterprises	123,205	335,535
Micro-Enterprises	-	1,950
Hub Loan (Agric & Tech Start Up)	10,000	6,500
Honeywell Loan	1,000	-
Managed Loans	-	15,000
W-Initiative Loan	-	60,691
First Edu Loan	-	3,275
Edfin Edu Loan	-	12,000
SME - Owned Platform	767,600	646,954
ME - Owned Platform	-	261,405
Sky Homes Loan	-	-
	901,805	1,343,310

Hub loans are part of the Tech StartUp program aimed at high-performing, outcome-focused providers of co-working spaces, innovation hubs, incubators and similar workspaces in Lagos State. It is targeted to support the capacity expansion, or facilities upgrade of existing hubs. By granting Hub loans, LSETF hopes to support the growth and sustainability of this segment and other innovation-driven enterprises (IDEs).

Honeywell loan represents the amount disbursed to the Fund towards the fulfilment of the Talent Development Programs (trainings) engaged by the Fund during the year. These programs are conducted in partnership with Honeywell Limited.

Small and Medium Enterprises loans are loans granted to business owners at cadre of Small and Medium enterprises.

Micro-Enterprises loans are loans disbursed to business owner on micro/micro startup enterprises during the period under review.

Managed Loan - This is not a fresh inflow but funded from the balance of the contributions by both LSETF and Hon. Agunbiade.

W-Initiative Loan represents partnership loans between LSETF and Access Bank to support women-owned business in Lagos State. The Fund has recognised 50% of total loans disbursed during the year under review in accordance with the signed MOU.

Edu Loans represent partnership between LSETF, FirstBank and Edfin MFB to provide working capital or asset financing needs to low cost private school and vocational training centres in Lagos State that have been in operation for at least one year. The Fund has recognised 50% of total loans disbursed during the year under review in accordance with the signed MOU.

Nano Loans are the smallest type of loans granted to support business owners in Lagos State.

Sky Home Loan is loan granted under Business Park Programme for asset finance/working capital.

(b) Loans disbursed under the Managed Loan scheme is made up of the following:

In thousands of Naira	31-Dec-23	31-Dec-22
Funded from Balance of LSETF contribution	-	7,500
Funded Balance of Counterparty contribution to loan advanced to beneficiaries	-	7,500
	-	15,000

LSETF enters into counter-party agreements with individuals and local governments to contribute funds at an agreed ratio, usually equally between parties, towards the advancement of loans to beneficiaries in specified locations in Lagos State. The terms of the agreement vary across counter-parties.

(c) Movement in impairment charge on loans and advances during the year

Collective allowance for impairment

In thousands of Naira	31-Dec-23	31-Dec-22
Balance as at 1 January	2,678,604	2,585,473
(Writeback)/Charge for the year (note (d) below)	(485,115)	92,715
Reallocation to managed loans	(19,281)	416
Balance as at 31 December	2,174,208	2,678,604
Total impairment:	2,174,208	2,678,604

(d) Impairment (writeback)/charge

In thousands of Naira	31-Dec-23	31-Dec-22
SME loans	48,010	103,024
ME loans	455,970	(23,781)
Hub Loans	-	-
Late repayment fees	-	-
LSETF's contribution to managed loans	(18,865)	(416)
Access Bank - W-initiatives	-	13,888
	485,115	92,715
Impairment (writeback)/charge for the year	485,115	92,715

The underlisted parameters were used when computing the impairment charges:

i). Loss Given Default (LGD): This reflects the losses that are expected to be incurred on the exposures that have gone into a default.

ii). Probability of Default (PD): This is the likelihood that a beneficiary will default within a 12-month period

iii). Recovery Rate (RR): This is the amount, expressed as a percentage, recovered from a loan when the beneficiary is in default for

6. PREPAYMENTS

In thousands of Naira	31-Dec-23	31-Dec-22
Non financial Assets		
Rent	4,767	5,787
Other prepayment (see note (a) below)	12,330	23,010
Credit insurance (see note (b) below)	2,548	1,619
Prepaid insurance	7,650	4,087
	27,295	34,503

Classified as:

In thousands of Naira	31-Dec-23	31-Dec-22
Current	27,295	34,503
Non-Current	-	-
	27,295	34,503

Other prepayment represents prepaid rent, service charge, subscription and retainer fees.

(a) **Credit insurance represents** protection of the loan sum granted to beneficiaries against default arising from death of loan beneficiaries, burglary and fire of business premises of loan beneficiaries.

(b) Other assets

In thousands of Naira	31-Dec-23	31-Dec-22
Financial Assets		
Balance in joint arrangement account with UNDP (see notes (a) below)	30,329	69,813
Balance in joint arrangement account with USADF (see notes (b) below)	575,011	311,979
Other receivables	58,532	51,912
Advance payments	2,900	2,900
Deposit for Edu-Loan (Edfin MFB) (See note (a) below)	42,974	116,231
Access Bank - W-initiatives	40,003	40,003
Deposit for Edu-Loan (FBN)	-	-
Deposit for W-Initiative Loan	144,197	360,453
Ibible Wallets	(667)	53,033
Ex-Staff Receivables	974	746
Accrued Interest on Call Deposit	8,643	-
Wallet-Equity Contribution	-	-
	902,896	1,007,070

Classified as:

In thousands of Naira	31-Dec-23	31-Dec-22
Current	902,896	1,007,070
Non-Current	-	-
	902,896	1,007,070

LSETF entered into a partnership agreement with the United Nations Development Project (UNDP) for the funding of "The Lagos State Employability Support Project. This Project aims at training 10,000 people between the ages of 18 - 35 years in the manufacturing, healthcare,

(a) construction, entertainment, garment making, hospitality and tourism sectors by 2020. The Partners agreed to contribute \$3,000,000 and \$1,000,000 respectively.

LSETF also signed memorandum of understanding with Edfin MFB and deposited N250million for the purpose of granting loans to school owners affected by COVID 19 and EndSARS protests.

LSETF also signed an MOU with British Council in building film labs for those in creative/films industry.

The movement in the balance in the Joint arrangement account with UNDP is as shown below:

In thousands of Naira	31-Dec-23	31-Dec-22
Balance, beginning of year	69,813	368,216
Contribution by LSETF	-	-
	69,813	368,216
Expenditure on project during the year (see note 18(b) below)	(39,484)	(298,403)
Management fees to UNDP (see note 18(b) below)	-	-
Balance, end of year	30,329	69,813

The movement in the balance in the Joint arrangement account with USADF is as shown below:

In thousands of Naira	31-Dec-23	31-Dec-22
Balance, beginning of year	311,980	246,093
Contribution by LSETF	372,610	372,610
Interest recognised on deposit	-	-
	684,590	618,703
Expenditure on project during the year (see note (b) below)	(210,193)	(306,723)
Balance, end of year	474,397	311,980

The United States African Development Foundation (USADF) and LSETF executed an agreement in May 2019 to fund an Employability Program to the tune of \$2,000,000 annually. The partners agreed to make this contribution in ratio **50:50 for a duration of 5 years**. The program aims to support 3,000 young people (50% female and 50% male) per annum to attain the relevant industry trade skills that cut across sectors, including but not limited to: technology, creative arts, agriculture, transportation and logistics, renewable energy, construction; thereby increasing the market competitiveness of youth in Nigeria to gain access to employment, create more jobs and generate income. LSETF and USADF expect to place a minimum of fifty percent (50%) of the trainees in jobs within these sectors.

As of 31 December 2023, LSETF has contributed the sum of USD3,064,961 to the project account. The total contribution deposit of \$814,961 for the year under review was converted at N580.67/\$.

(b) There was no impairment charge recognised on other assets

8 INTANGIBLE ASSETS

In thousands of Naira	Loan Application Software	Accounting Software & Others	Total
Balance as at 1 January 2023	108,136	42,929	151,065
Additions	-	-	-
Balance as at 31 December 2023	108,136	42,929	151,065

Amortisation:

Balance as at 1 January 2023	(108,136)	(34,455)	(142,591)
Charges for the year	-	(4,493)	(4,493)
Balance as at 31 December 2023	(108,136)	(38,948)	(147,084)

Carrying amounts			
Balance at 31 December 2023	-	3,981	3,981

Cost:

Balance as at 1 January 2022	108,136	33,127	141,263
Additions	-	9,802	9,802
Balance as at 31 December 2023	108,136	42,929	151,065

Amortisation:

Balance as at 1 January 2023	(108,125)	(29,960)	(138,085)
Charges for the year	(11)	(4,495)	(4,506)
Balance as at 31 December 2023	(108,136)	(34,455)	(142,591)

Carrying amounts			
Balance at 31 December 2023	-	8,474	8,474

(i) There were no leased assets included in the balances as at year end (2022: Nil).

(ii) There were no authorised or contracted capital commitments as at the reporting date (2022: Nil).

(iii) There were no impairment losses on intangible assets during the year (2022: Nil).

(iv) Intangible assets represent development cost with respect to the computer software i.e. the beneficiary selection software used for managing the loan beneficiaries' selection process and purchased software for the Fund's accounting function and, technological start-ups program

Amortisation

In thousands of Naira	31-Dec-23	31-Dec-22
Loan Application Software (see note (i) below)	-	11
Accounting Software & Others	4,493	4,495
Amortisation expense for the year	4,493	4,506

(i) The amortization charge for Loan Application Software is classified as a part of the loan programs expense considering its direct relationship with the loan program. See note 18(a).

9 PROPERTY, PLANT AND EQUIPMENT

for the year ended 31 December 2023

In thousands of Naira	Motor Vehicles	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold	Total
Balance as at 1 January 2023	155,138	217,503	19,800	55,674	34,957	483,072
Additions	2	11,037	4,593	-	0	15,632
Disposal	(8,762)	(801)	(23)	(1,423)	-	(11,009)
Balance as at 31 December 2023	146,378	227,739	24,370	54,251	34,957	487,695

Accumulated depreciation:

Balance as at 1 January 2023	(97,451)	(198,619)	(15,239)	(34,391)	(34,957)	(380,657)
Charge for the year	(26,095)	(10,130)	(2,410)	(5,408)	-	(44,043)
Disposal	8,762	801	23	1,423	-	11,009
Balance as at 31 December 2023	(114,784)	(207,948)	(17,626)	(38,376)	(34,957)	(413,691)
Carrying amounts						
Balance at 31 December 2023	31,594	19,791	6,745	15,875	-	74,004

for the year ended 31 December 2022

In thousands of Naira	Motor Vehicles	Computer Equipment	Office Equipment	Furniture & Fittings	Leasehold	Total
Cost:						
Balance as at 1 January 2022	155,138	215,839	15,807	43,158	34,957	464,899
Additions	-	2,681	3,993	16,992	-	23,666
Disposal	-	(1,017)	-	(4,476)	-	(5,493)
Balance as at 31 December 2022	155,138	217,503	19,800	55,674	34,957	483,072

Accumulated depreciation:

Balance as at 1 January 2022	(71,357)	(189,367)	(13,790)	(32,920)	(34,957)	(342,391)
Charge of the year	(26,095)	(10,269)	(1,449)	(5,947)	-	(43,759)
Disposal	-	1,017	-	4,476	-	5,493
Balance as at 31 December 2022	(97,451)	(198,619)	(15,239)	(34,391)	(34,957)	(380,657)
Carrying amounts						
Balance at 31 December 2022	57,687	18,884	4,561	21,283	-	102,415

- (i) No leased asset is included in property and equipment as at year end (2022: Nil).
(ii) There were no authorised or contracted capital commitments as at the reporting date (2022: Nil).
(iii) There were no impairment losses on any class of property and equipment during the year (2022: Nil).
(iv) There was no property and equipment pledged as security for borrowing as at year end (2022: Nil).
(v) There are no capitalised borrowing costs related to the acquisition of property and equipment during the year (2022: Nil)

10 MANAGED LOANS

In thousands of Naira	31-Dec-23	31-Dec-22
Financial liabilities		
Managed Loans (see note (a) below)	55,859	55,859
	55,859	55,859
Classified as:		
Current	55,859	55,859
Non - Current	-	-
	55,859	55,859

(a) The movement in the managed loans is as shown below

Total contribution at the beginning	63,200	63,200
Additions (see notes (b) below)	-	-
	63,200	63,200
Collective impairment on loan disbursed (see note (d) below)	(7,341)	(7,341)
	55,859	55,859

(b) **Managed Loans** represents loans created from funds received from counterparties under a joint scheme, for loan disbursements to residents of Lagos in particular locations. The Fund and the counterparties contribute funds at the agreed ratio for the programs and, bear the credit risk on their respective funds contributed.

Ojo Local Government	5,000	5,000
TAM FUND	5,000	5,000
Lagos Island Local Government	10,000	10,000
Hon. Wale Raji	8,200	8,200
Hon. Agunbiade	10,000	10,000
Itire Ikate LCDA	5,000	5,000
Apapa Local Government	10,000	10,000
Honeywell Group	10,000	10,000
	63,200	63,200

(c) The utilisation of the Managed Loans is as follows:

	31-Dec-23	31-Dec-22
Funds disbursed during the year	-	7,500
	-	7,500

(d) The movement in the impairment on managed loan is as shown below:

	31-Dec-23	31-Dec-22
Balance as at beginning of year	7,341	6,925
Additions	-	416
	7,341	7,341

11 DEFERRED/UNEARNED INCOME

In thousands of Naira	31-Dec-23	31-Dec-22
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Financial liabilities

Unearned income on agreement with BigWin (see note (a) below)	12,670	23,970
Unearned income on agreement with Bank of Industry/TACT (see note (b) below)	186,907	145,090
Other unearned income	1,848	1,877
	201,425	170,937

Classified as:

Current	201,425	170,933
Non - Current	-	-
	201,425	170,933

(a) The movement in unearned income on GIZ employability project is as shown below:

Opening Balance	(3,845)	24,128
Additional inflow from GIZ during the year	-	-
Inflow during the year (See note 15)		
Refund (GIZ)	797	(27,973)
	(3,048)	(3,845)

(b) Unearned grant income represents funds received from Bank of Industry, Senator Adetokunbo, and Polaris Bank otherwise known as TACT for the resident of Lagos East Senatorial district to support businesses.

12 OTHER LIABILITIES AND ACCRUALS

In thousands of Naira	31-Dec-23	31-Dec-22
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Financial liabilities

Due to fulfilment partners	7,446	7,446
Audit fee payable	16,626	12,500
Other payables (see note (a) below)	194,025	128,719
	218,097	148,665

Non-financial liabilities

PAYE payable	-	-
Withholding tax payable	20,909	19,348
Value added tax payable	14,995	17,216
Development levy payable (see (b) below)	5,283	4,191
	41,187	40,755
	259,284	189,420

Classified as:

Current	259,284	189,420
Non - Current	-	-
	259,284	189,420

(a) Other payables is made up of IT infrastructure payable, consultancy fee payable, deposit for First Edu loans amongst others.

(b) Development levy is a 1% deduction made by all agencies and parastatals from all payments to suppliers and contractors as mandated by the Lagos State Government.

13 CAPITAL CONTRIBUTION

In thousands of Naira	31-Dec-23	31-Dec-22
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This comprises:

Capital contribution from Lagos State Government (LASG) (see note (a) below)	17,196,073	15,347,533
Take-off fund (see note (c) below)	150,000	150,000
	17,346,073	15,497,533

(a) The movement in capital contribution is as shown below:

In thousands of Naira	31-Dec-23	31-Dec-22
Opening balance	15,347,533	14,517,533
Capital contribution from LASG (see note (b) below)	1,848,540	830,000
	17,196,073	15,347,533

(b) LSETF received the sum of N1,848,540 as capital contribution from the Lagos State Government during the financial year. As at 31 December 2023, the Fund had received a total of N17.196 billion from the Lagos State Government. The capital contribution is to target programs meant to generate employment including disbursement of loans to MSMEs, employability programs or as may be required to support employment creation.

(c) The take-off grant of N150 million represents funds provided by the Lagos State Government to support the operational costs of setting up the Fund.

14 INTEREST INCOME

In thousands of Naira	31-Dec-23	31-Dec-22
Loans and advances (See note (a) below)	162,448	43,009
Capital contribution from LASG (see note (b) below)	162,448	43,009

(a) Interest income on loans and advances

Micro enterprises	27	4,320
Small and medium enterprises	31,428	18,500
Hub loan	619	675
SME - Owned Platform (Originates)	127,542	10,574
ME - Owned Platform	-	8,940
Edfin loan	-	-
W- Initiative loan	-	-
Honeywell Group	2,118	-
Ikorodu Broilers Hub (IBH)	714	-
	162,448	43,009

Interest Income from originate loan is a combination of accrued interest for both SME N10 million and N9 million on ME.

(b) Interest income on loans and advances

Managed Loans	-	-
Interest on own loans (see note 5)	162,448	43,009
	162,448	43,009

15 GRANT INCOME

In thousands of Naira	31-Dec-23	31-Dec-22
USADF	210,193	306,723
UNDP Joint Arrangement	39,484	298,403
GIZ (see note 11(a))	-	-
Others (Lagos Innovates)	1,500	-
	251,177	605,126

16 OTHER INCOME

In thousands of Naira	31-Dec-23	31-Dec-22
Late repayment fees (see note (a) below)	2	33
Sundry income	1,760	21,650
Donation - MSME Recovery Fund	-	5,000
Foreign exchange gain	125,822	5,249
Grant Received - Lagos Cares	824,893	204,885
Grant Received - UNICEF	-	15,609
Interest on term deposits	23,746	27,106
Grant Refund (GIZ)	-	(14,069)
	976,223	265,463

Sundry income is made up of income earned on the Fund's current account balances with banks and donations from the employment summit. The GIZ grant refund was derecognized after the first phase of the project because the conditions for the grant were not met

(a) Late repayment fees

In thousands of Naira	31-Dec-23	31-Dec-22
Late repayment fees received (see note 5)	2	33
	2	33

17 IMPAIRMENT (WRITE BACK)/ CHARGE

In thousands of Naira	31-Dec-23	31-Dec-22
Impairment (write back)/ charge on loans and advances (See note 5(d))	(485,115)	92,715
	(485,115)	92,715

18 PROGRAMS EXPENSES

Loan program expenses (see (a) below)	78,925	831,501
Non-Loan programs expenses (see (b) below)	1,191,513	1,767,088
	1,270,438	2,598,589

(a) Loan programs expenses

Management fees (see note (i) below)	5,696	7,742
Credit insurance (see note (ii) below)	5,687	2,766
Beneficiary training (see note (iii) below)	-	-
Amortization of loan application software (see note 8)	-	11
Other loan program costs (see note (v) below)	67,442	118,095
MSME recovery costs (see note (vi) below)	100	702,887
	78,925	831,501

(i) Management fees relate to payments made to fulfillment partners for loan disbursement, monitoring and collection of repayments. The fees are charged at the rate of 2.5% and 3.5% for small and medium enterprises and micro enterprises loans respectively.

(ii) Credit insurance represents the amortised portion of annual premium paid for the protection of the loan sum granted to beneficiaries. This covers against default arising from death of loan beneficiaries, burglary and fire of business premises of loan beneficiaries.

(iii) Beneficiary training represents cost of providing trainings on business management amongst others to successful loan applicants on how to better utilize and turn around capital and manage their businesses.

(iv) Beneficiary selection fees represents the fees paid to independent consultants to manage the beneficiary selection process and recommend candidates to the Fund for approval.

(v) Other loan programs cost represents among others cost of engaging consultants to carry out business verification and assessment on behalf of the Fund.

(vi) MSME recovery costs represents the amount disbursed to the businesses that were affected during the ENDSARS protests in Lagos State.

(vii) Grant received represents the COVID-19 support stimulus for businesses in Lagos after the recovery from the pandemic. It is a World Bank assisted programme.

(b) Non-Loan programs expenses

In thousands of Naira	31-Dec-23	31-Dec-22
Lagos CARES	495,809	323,181
Leap tourism	-	22,500
Employability program costs - GIZ (see note 11(a))	798	27,973
Employability program costs - USADF	425,900	625,772
Employability program costs - UNDP	79,041	597,843
Market stimulation cost	720	15,010
Technological start-ups program cost	91,254	64,735
Employment Summit	-	83,156
LMIS	34,214	6,918
BIGWIN	63,777	-
	1,191,513	1,767,088

(i) The Technological Start-up programs represents the program where the Lagos State Employment Trust Fund plans to finance and accelerate startups that are technologically driven. The cost is primarily made up of the cost of setting up of the framework of the program together with some associated infrastructure.

(ii) The Market Stimulation costs represents cost incurred by the Fund to address sundry challenges faced by MSMEs in Lagos other than access and pricing of finance and skilled manpower which have been addressed by our loan and employability programs respectively.

19 PERSONNEL EXPENSES

In thousands of Naira	31-Dec-23	31-Dec-22
Wages and salaries	511,501	465,552
Defined contribution plan (see note (a) below)	25,060	22,661
	536,561	488,213

(a) This is the contribution made by LSETF to employees' pension accounts. LSETF and its employees make contributions of 10% and 8% respectively of the base salary, housing and transport allowance to each employee's retirement savings account maintained with the employees' nominated Pension Fund Administrators. Total personnel expenses includes the Executive Secretary's remuneration.

(b) Employees of the Fund, earning more than N500,000 other than the Board of Trustees, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contributions and certain benefits/allowances) in the following ranges:

	Number	Number
N500,001 - N1,500,000	9	7
N1,500,001 - N2,500,000	4	6
N2,500,001 - N3,500,000	16	-
N3,500,001 - N4,500,000	11	5
N4,500,001 - N5,500,000	5	16
N5,500,001 - N6,500,000	5	10
N6,500,001 - N7,500,000	2	6
N7,500,001 - N 8,500,000	0	5
N8,500,001 and above	3	9
	55	64

The Board of Trustees' emoluments comprise:

In thousands of Naira	31-Dec-23	31-Dec-22
Trustees' sitting allowances (see note 20)	54,077	44,849
	54,077	44,849

The sitting allowances disclosed above include amounts paid to:

In thousands of Naira	31-Dec-23	31-Dec-22
The Chairman	5,900	3,750
The Executive Secretary	8,039	8,039

There were no other fees paid to the Trustees during the year.

20 OTHER OPERATING EXPENSES

In thousands of Naira	31-Dec-23	31-Dec-22
Rent & service charge	20,640	22,320
Professional fees	22,669	29,694
Audit fees	16,625	12,500
Trustees' sitting allowance (See note 19(b))	54,077	44,849
Liaison office	14,832	13,934
General and administrative expenses	21,888	18,995
Fueling	3,177	2,408
Transport and travelling	12,926	32,798
Bank charges	1,704	4,094
Security costs	554	554
Board and staff strategy session	15,312	16,046
Board training	42,289	53,129
Staff training	30,640	67,259
Outsourced services	61,876	56,265
Electricity & power	20,000	19,000
Office repairs and maintenance	2,853	3,154
Printing and stationeries	2,882	3,680
Motor vehicles repairs and maintenance	5,503	5,098
Advert, publicity and engagement	40,590	105,712
Computer accessories & consumables	44,275	38,754
Insurance	50,846	44,744
Other expenses	0	-
	486,228	594,987

21 RECONCILIATION OF NOTES TO THE STATEMENT OF CASHFLOWS

In thousands of Naira	31-Dec-23	31-Dec-22
(i) Changes in prepayments		
Balance, beginning of the year (see note 6)	34,504	32,311
Balance, end of the year (see note 6)	27,295	34,504
Decrease/(increase) in prepayments	7,209	(2,193)
In thousands of Naira	31-Dec-23	31-Dec-22
(ii) Changes in other current assets		
Balance, beginning of the year (see note 7)	1,007,070	1,817,596
Balance, end of the year (see note 7)	902,896	1,007,070
Decrease/(increase) in prepayments	104,174	810,526
In thousands of Naira	31-Dec-23	31-Dec-22
(iii) Changes in loans and advances		
Loans granted during the year (see note 5)	(901,805)	(1,343,310)
Cash repayments received (see note 5)	987,925	569,882
Interest on managed loan (see note 14(b))	-	-
Increase/(decrease) in loans and advances	86,120	(773,428)
In thousands of Naira	31-Dec-23	31-Dec-22
(iv) Changes in other liabilities and accruals		
Balance, beginning of the year (see note 12)	189,419	142,285
Balance, end of the year (see note 12)	259,284	189,419
Increase in other liabilities	69,865	47,134

In thousands of Naira	31-Dec-23	31-Dec-22
(v) Changes in unearned income		
Balance, beginning of the year	170,937	44,249
Amount written to statement of financial performance (see note 15)	-	-
Balance, end of the year (see note 11)	201,425	170,937
Increase in unearned Income	30,488	126,688

In thousands of Naira	31-Dec-23	31-Dec-22
(vi) Changes in Managed Loans		
Balance, beginning of the year	55,859	56,274
Balance, end of the year (see note 10)	55,859	55,859
(Decrease)/increase in Managed Loans	-	(415)

22 MOVEMENT IN DEFICIT FROM OPERATIONS

In thousands of Naira	31-Dec-23	31-Dec-22
Balance, beginning of the year	(12,122,414)	(9,213,253)
Addition during the year	(466,800)	(2,909,161)
Balance, end of the year	(12,589,214)	(12,122,414)

23 CONTINGENT LIABILITIES, LITIGATION AND CLAIMS

The Fund was not involved in any suit in its ordinary course of business as at the reporting date. The Trustees of the Fund are not aware of any pending or threatened claims or litigations, which may be material to the financial statements. There were no other contingent liabilities requiring disclosure in the financial statements.

24 TAXATION

The income of LSETF is exempted from income tax based on the provisions of Section 23 (i) of the Companies' Income Tax Laws of Nigeria and the Section 26 of the Lagos State Employment Trust Fund Act.

25 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or if one other party controls both. The definition includes trustees and key management personnel, among others. The list of the Fund's related parties and the details of transactions with the Fund is shown below;

In thousands of Naira			31 -Dec- 23	31 -Dec- 22	31 -Dec- 23	31 -Dec- 22
Lagos State Government*	Parent	Capital contribution	-	-	1,848,540	830,000
LASACO Assurance Plc	Sister company	Insurance of the Fund's assets	-	-	-	-
Trustees and relations	Personnel	Loan beneficiary	-	-	-	-

* The Lagos State Government released the sum of N1,848,540,400 on various dates as capital contribution to the Fund during the year 2023 (N0.83billion: 2022). The capital contribution is to target programmes meant to generate employment including disbursement of loans to MSMEs, employability programmes or as may be required to support employment creation.

Key Management Compensation

(i) Key management personnel of the Fund includes all Trustees and senior management. The summary of the compensation of key management personnel for the year is as follows:

Key Management Compensation

In thousands of Naira	31-Dec-23	31-Dec-22
Salaries and other short-term employee benefits	78,444	78,444
Sitting allowances (see note 20)	54,077	44,849
Total compensation of key management personnel	132,521	123,293

26 EVENTS OCCURRING AFTER REPORTING PERIOD

There were no events occurring after the end of the reporting period which could have a material effect on the financial position of the Fund as at 31 December 2023.

27 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

The Board of Trustees (BOT), comprising the Chairman, Executive Secretary and other Trustees is the apex decision making body of the organization. The BOT provides guidance for the overall risk appetite and direction of the Fund. The BOT has overall responsibility for the establishment and oversight of the Fund's risk management framework.

The Fund's risk management framework provides a disciplined and structured process upon which the pillars of risk and control processes and extreme events management lie.

The Fund's risk management policies are established to provide guidance regarding the management of risk to support the achievement of the Fund's strategic objectives, protect Fund's assets and set appropriate limits and controls and to monitor risks and adherence to limits. LSETF risk management framework, policies and operating procedures are reviewed at the minimum, annually in line with changes in the operating environment, available resources among competing Fund's activities.

The BOT have the overall responsibility for developing, monitoring and overseeing the Fund's risk management policies, procedures and framework. The Board is assisted in its oversight role by the Board Audit & Risk Committee, which undertakes both regular and ad-hoc reviews of risk management controls and procedures. The Board Audit & Risk Committee has oversight over the Fund's audit, risk and control functions. Its responsibilities include:

- Overseeing the integrity of the financial statements and financial reporting process;
- Monitoring choice of accounting policies and principles;
- Overseeing the activities, hiring, performance and independence of the external and internal audit function;
 - Overseeing the effectiveness of internal control systems, accounting and operating procedures;
 - Establishing policy standards and guidelines for risk assessment and management;
 - Ensuring compliance with legal and regulatory requirements, including completeness of disclosures; and
 - Overseeing ethics, and whistle-blower hotlines.

(i) LSETF's Approach to Risk

The Fund addresses the challenge of risks comprehensively through an enterprise-wide risk management framework, applying leading practices that is supported by a governance structure consisting of the Board and Executive Management committees. The Board sets the tone for the risk governance and compliance process by setting the risk philosophy, policies and risk management strategy.





BOARD SECRETARY

The Board Secretariat advises the Fund on legal and litigation issues involving the Fund at the Small Claims Court or in any other court, including those that result from collection/recovery actions.

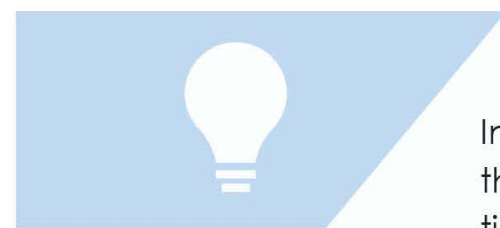
ADVISORY



MANAGEMENT RISK COMMITTEE

The Management Risk Committee, headed by the Executive Secretary, drives the management of the financial risks (liquidity and credit risk), operational risks as well as strategic and reputational risks. The Committee is responsible for the daily operations of the Fund with jurisdiction over multiple activities including risk management.

OPERATIONS



MANAGEMENT AUDIT COMMITTEE

In accordance with **Section 35 of the "Lagos State Audit Law 2011"**, the Management Audit Committee implements all recommendations contained in the Auditor General's report as approved by the Lagos State House of Assembly and any other regulation and directive of the Lagos State House of assembly.

IMPLEMENTATION



MANAGEMENT CREDIT COMMITTEE

The Management Credit Committee reviews and recommends to the Board Credit and Investment Committee and Board of Trustees for approval, credit policy direction and loan applications up to the stipulated limit as defined by the **BCIC and the Board of Trustees**. The Committee on an ongoing basis ensure compliance of the credit environment in the 'Fund' with approved policies and framework.

APPROVAL

The Fund continuously identifies all events that, if they occur, would affect the Fund's ability to achieve its goals. The Fund prioritizes early identification of these events, to enable proper risk response. The Fund also educates and empowers stakeholders to own the risks applicable to them, guiding them to being front level risk managers.

The Fund continuously carries out a risk grading exercise by evaluating the likelihood of occurrence, and the extent of deviation from expectation if crystallization of identified risks occurs. Each risk is graded, and controls are put in place to mitigate the risk and reduce its effect to a minimal level.

There is constant communication of risk positions to relevant stakeholders. This communication includes periodic reporting, deviation escalation, and knowledge sharing to help in the entire risk management process.

The key features of the Fund's risk management framework are:

- The overall risk management direction and oversight is provided by the BOT.
- The BOT approves the Fund's risk appetite.
- Risk Management is entrenched in the Fund's processes, however the Risk management function does not influence the outcome of other risk creating functions.
- The Fund manages its credit, operational and liquidity risks in a coordinated manner.
- Reports are being provided to the Management and Board by the Risk Management Unit, while the fund's internal audit unit report to the Board of Trustees.

The compliance function, under the leadership of the Head of Internal Audit of the Fund ensures:

- Review and analysis of all relevant laws and regulations, which are adopted into policy statements to ensure business is conducted professionally
- The review and the compliance of our internal control and risk management practices, in line with Board-approved and regulatory standards;
- Adequacy of controls systems;
- Strong Board Committees, and Executive Secretary's oversight of Risk Management, Compliance, and Audit programs.

(ii) Risk Appetite

The Risk Appetite of the Fund is reviewed annually in line with the Enterprise Strategic objective. As things evolve within the year, circulars and directive shall be issued periodically to reflect the changes in risk direction. The risk appetite contains limit on exposure to sectors, Local Government, Age limit where applicable, liquidity expected to cover operational expenses etc.

The Fund employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the Fund's risk appetite. The Board of Trustees of LSETF shall use a balanced approach in determining acceptable levels of risk for the Fund to undertake. The Fund will only pursue endeavours within its objectives in a safe and sound manner, complying with the LSETF Law of 2016, relevant guidelines, and ensure the Fund's sustainability for a longer term.

(iii) Risk Management Philosophy, Culture and Objectives

The Fund considers effective risk management a requirement in a long lasting institution.

- The Fund's risk management framework gives all relevant stakeholders a clear and consistent direction of its approach to managing risks, and individual's role in the risk management Process.
- The Fund continually educates and empowers stakeholders to be risk managers, guiding them to be the front line of risk response thereby building a shared perspective on risks.
- All risks are brought together under limited number of oversight functions, thereby having a holistic and integrated approach to risk management
- Clear segregation of duties between Finance & Corporate Services Directorate, Programs and Coordination Directorate, Strategy, Partnerships and

Stakeholder Management Directorate, Lagos Innovates, Risk Management and Internal Control. All activities with risk implication are thoroughly assessed.

- There is communication of risk positions to relevant stakeholders which includes periodic reporting, deviation escalation, and knowledge sharing to help in the entire risk management process.

The Fund has exposure to the following risks arising from its business and mandate:

- Credit risk
- Liquidity risk
- Funding risk
- Counterparty risk
- Operational risk
- Political risk
- Legal risk
- Environmental & social risk
- Strategic risk
- Fiduciary risk

(a) Credit Risk

Credit risk is the risk of financial loss to the Fund if a beneficiary or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Fund's receivables from loan beneficiaries and investment securities. The BoT have the overall responsibility for credit risk, and it delegated some of its loan approval responsibility to Board Credit & Investment Committee and Management Credit Committee. The Fund has exposure to credit risk from the loans it granted to Lagos residents.

Credit exposure begins from when fulfilment Partners make approved money available to the beneficiaries. Existing approval grid is shown below.

(i) Credit risk limits

The Fund applies credit risk limits, among other techniques in managing credit risk. This is the practice of stipulating a maximum amount that the individual or counterparty can obtain as loan. Internal and regulatory limits are strictly adhered to. Through this, the Fund not only protects itself, but also in a sense, protects the counterparty from borrowing more than they are capable of paying.

The Fund continues to focus on its concentration and intrinsic risks and further manage them to a more comfortable level. This is very important due to the serious risk implications that intrinsic and concentration risk pose to the Fund. A thorough analysis of economic factors, market forecasting and prediction based on historical evidence is used to mitigate the crystallization of these risks.

The Fund has in place various portfolio concentration limits (which is subject to periodic review). These limits are closely monitored and reported on from time to time.

The Fund's internal credit approval limits for the various authority levels are as indicated below:

APPROVAL LIMIT		
LOAN TYPE	AMOUNT	APPROVING AUTHORITY
Nano Loans	₦100000	Management Credit Committee
Micro Enterprise Start-up	₦250000	Management Credit Committee
Micro Enterprise loans	₦500,000	Management Credit Committee
SME loans	Up to N2,000,000	Management Credit Committee
SME loans	Above ₦2,000,000	Board Credit & Investment Committee

These internal approval limits are set and approved by the Board of Trustees.

(ii) Exposure to credit risk

The Fund's exposure to credit risk is influenced mainly by loan beneficiaries willingness and ability to repay their loans as and when due.

The Fund is exposed to credit risk on its cash and cash equivalents, investments, loans and receivables balances due from its beneficiaries and other counterparties in the public and private sectors.

The Fund has procedures to monitor its credit risk across segments. Although beneficiaries are free to repay their outstanding loans before expiration, all loans are categorized as Loans and Advances & Receivables.

Utilization of the services of portfolio managers whom are educated on the risk appetite of the Fund and thus ensure that all investments are in low risk grade securities.

The Fund limits its exposure to credit risk by investing only in highly liquid money market instruments with counterparties that have a good credit rating.

The Fund actively monitors credit ratings and ensures that the Fund make investments in line with the Fund's investment policy as approved by Board.

Cash and cash equivalents

The Fund held cash and cash equivalents with maturity profile of less than three (3) months, held with local Funds and assessed to have good credit ratings based on the Fund's policy. The Fund also carries out a periodic evaluation of its Fulfilment partners by assessing the Financial Health, Corporate Governance and Capacity.

Loans and advances to beneficiaries and other receivables

The Fund has classified loans to beneficiaries as loans and advances and other receivables. The Fund's exposure to credit risk is influenced mainly by loan beneficiaries' willingness and capacity to repay obligations as and when due. The Fund ensures that loan application process assesses each applicant's credit history and financial capability in line with the loan amount. These assets were evaluated for impairment in line with IPSAS 29. In 2023, the Fund had a net write-back of ₦485.116 million (31 Dec 2022: (N92.72) million).

(iii) Collateral security

All financial assets held by the Fund are normally unsecured. The Fund's comfort on the loans and advances is the guarantee provided by beneficiaries, credit risk is also reduced from the fact that the loans are tenored with maturity period of not more than 36 months. Loans are also insured under Life, theft and Fire Policy.

(iv) Write-off policy

Loans written off shall reduce the net asset value of the fund by the amount written off. Board approval shall be required for such write-off. The Fund shall write off a loan balance when the Fund's Risk Management Department determines that the loan is uncollectible and had been declared.

(v) Maximum exposure to credit risk

The carrying amount of the Fund's financial assets, which represents the maximum exposure to credit risk at the reporting date was as

In thousands of Naira	Notes	31-Dec-23	31-Dec-22
Cash and cash equivalent	4	1,897,001	851,348
Loans and advances	5	2,368,252	1,787,526
		4,265,254	2,638,874

(vi) Geographical Sectors

All LSETF loans are to beneficiaries who are resident in Lagos.

(vii) Foreign Currency Risk

The Fund did not carry out any foreign currency related transaction during the year which would have exposed it to any form of related risks. However, the domiciliary account maintained with Access Bank was used for operational purposes during the year.

(viii) Credit Quality

The following table breaks down the Fund's main credit exposure at their gross amounts ("Cash and cash equivalent" at carrying amount), as categorised by performance as at 31 December 2023 and 2022 respectively.

In thousands of Naira	31 December 2023			31 December 2022		
	Cash and cash equivalents	Loans and advances to beneficiaries	Total	Cash and cash equivalents	Loans and advances to beneficiaries	Total
Neither past due nor impaired	1,897,001	-	1,897,001	851,348	-	851,348
Impaired						
Collectively impaired	-	4,542,460	4,542,460	-	4,466,129	4,466,129
Gross	1,897,001	4,542,460	6,439,461	851,348	4,466,129	5,317,477
Impairment allowance						
Collective impairment	(-)	(2,174,208)	(2,174,208)	(-)	(2,678,604)	(2,678,604)
Net	1,897,001	2,368,252	4,265,253	851,348	1,787,525	2,638,873

(c) Liquidity risk

Liquidity risk is the potential loss arising from the Fund's inability to meet its obligations as they fall due without incurring unacceptable cost or losses. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other risks faced by the Fund. This risk for the Fund would include the inability to manage unplanned decreases or changes in funding sources. The Fund ensures at all times, it has enough liquidity enough to cover its six (6) months operation

(i) Liquidity risk management process

The Fund has a liquidity risk management process that ensures that sufficient liquidity, including a cushion of unencumbered and high quality liquid assets, are maintained at all times to enable the Fund withstand a range of stress events, including those that might involve loss or impairment of funding sources

The Fund's liquidity risk exposure is monitored and managed by the finance unit on a weekly basis. This process includes:

- Projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- Monitoring balance sheet liquidity against operational requirement;
- Maintaining liquidity and funding contingency plans. These plans identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crises while minimizing any adverse long-term implications for the Fund.

The following are the contractual maturities as at 31 December 2023 of financial liabilities and financial assets:

In thousands of Naira	Note	Carrying amount	Nominal Inflow/ (Outflow)	3months or less	3- 12 months	1 - 2 years	2 - 10 years
Financial Assets							
Cash and cash equivalents	4	1,897,001	1,897,001	1,897,001	-	-	-
Loans and advances	5	2,368,252	2,368,252	-	-	-	-
Total		4,265,253	4,265,253	1,897,001	-	-	-

Financial Liabilities

Managed Loans	10	55,859	(55,859)	(55,859)	-	-	-
Unearned income	11	201,425	(201,425)	(201,425)	-	-	-
Other liabilities & accruals	12	218,097	(218,097)	(218,097)	-	-	-
Total		475,381	(475,381)	(475,381)	-	-	-
Liquidity gap		4,740,631	3,789,870	1,421,620	-	-	-
Cumulative gap		4,740,631	3,789,870	1,421,620	1,421,620	1,421,620	1,421,620

The following are the contractual maturities as at 31 December 2023 of financial liabilities and financial assets:

In thousands of Naira	Note	Carrying amount	Nominal Inflow/ (Outflow)	3months or less	3- 12 months	1 - 2 years	2 - 10 years
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Financial Assets

Cash and cash equivalents	4	851,348	851,348	851,348	-	-	-
Loans and advances	5	1,787,526	1,787,525	-	-	-	-
Total		2,638,874	2,638,873	851,348	-	-	-

Financial Liabilities

Managed Loans	10	55,859	(55,859)	(55,859)	-	-	-
Unearned income	11	170,937	(170,937)	(170,937)	-	-	-
Other liabilities & accruals	12	148,665	(148,665)	(148,665)	-	-	-
Total		375,461	(375,461)	(375,461)	-	-	-
Liquidity gap		3,014,335	2,263,412	475,887	-	-	-
Cumulative gap		3,014,335	2,263,412	475,887	475,887	475,887	475,887

(d) Funding risk

Funding risk is the risk that arises from lack of fund or delay in the release of fund by the Lagos State Government and other donor partners.

(e) Counter Party risk

Counter Party risk is the risk that arises from failure of the Fund's partners or stakeholders not fulfilling their contractual obligation.

(f) Operational risk

Operational risk is the risk that arises from the potential that inadequate information systems, processes or people will result in unexpected losses. This risk is mitigated by ensuring that there is adequacy of internal control and information systems, employee integrity, management policies and operating processes.

(f) Political risk

Political risk is the risk that arises from change in government. This risk might crystalize as a result of repeal of or modification to the law that established LSTEF.

(g) Legal risk

Legal risk is the risk that arises from the potential that unenforceable contracts, lawsuits, or adverse judgments can disrupt or otherwise negatively affect the operations or condition of the Fund. Legal risk can also arise from violations of or nonconformance with laws, regulations, prescribed practices, standards, or ethical standards

(i) Environmental & social risk

Environmental & social risk is the risk arising from the Fund's action or inaction, resulting in; environmental degradation, destruction of natural habitat, reduction of employment, social unrest, community/labour scuffle, greenhouse gas emission etc.

(j) Strategic risk

Strategic risk is the risk that arises from the pursuit of an unsuccessful plan; making poor decisions, not supporting a good decision with the adequate resources, or not responding to changes in the environment. This is the risk that the Fund's strategy may be inappropriate to support long-term goals. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, the resources deployed to support achievement of those goals, and the quality of implementation. Properly managing these risks is not only critical to the conduct and sustainability of the Fund, but also crucial to its success.

(k) Fiduciary risk

Fiduciary risk is the risk that arises from failure of the Fund in its position as an intervention fund to achieve the aspiration of the Lagos State Government to create more employment or failure as an agent/trustee in start-up ideation/incubation activities.

(l) Market risk

Market risk is the risk that changes in market prices such as interest rate will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(i) Exposure to interest risk Exposure to Currency risk

The Fund is exposed to a minimal level of currency risk (i.e. the potential risk of loss from fluctuating foreign exchange rates due to exposure to foreign currency). During the financial year, the Naira was fairly stable. The Fund keeps minimal foreign currency assets as represented by the balance in Domiciliary account, however the Fund does not have any obligation in foreign currency.

(ii) Foreign Currency Risk

The Fund did not carry out any foreign currency related transaction during the year which would have exposed it to any form of related risks.

(iii) Exposure to interest risk Exposure to interest rate risk

The Fund is exposed to a considerable level of interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). During the financial year, interest rate was fairly stable while inflation rate dropped. The Fund, however, has a significant portion of its loans and advances to customers at a concessionary fixed rate of 5%. Sensitivity analyses are carried out from time to time to evaluate the impact of rate changes on the net interest income. The assessed impact has not been significant on the capital or earnings of the Fund.

Interest rate profile

At the end of the reporting period the interest rate profile of the Fund's interest bearing financial instruments as reported to the Management of the Fund are as follows:

Financial instruments

In thousands of Naira	Note	31-Dec-23	31-Dec-22
Cash and cash equivalents	4	1,897,001	851,348
Total		1,897,001	851,348

Fair value sensitivity analysis for fixed rate instruments

The fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or available for sale. Therefore, a change in interest rates at the end of the reporting period would not affect performance for the year or equity. The table below shows the impact on the Fund's performance for the year if interest rates on the financial instruments had increased or decreased by 100 basis points, with all other variables held constant.

In thousands of Naira	31-Dec-23	31-Dec-22
Increase in interest rate by 100 basis points (+1%)	18,970	8,513
Decrease in interest rate by 100 basis point (-1%)	(18,970)	(8,513)

OTHER NATIONAL DISCLOSURES

OTHER NATIONAL DISCLOSURES VALUE ADDED STATEMENT

for the year ended 31 December 2023

In thousands of Naira	31-Dec-23	%	31-Dec-22	%
Receipts	1,389,848	1,175	913,598	(39)
Bought-in materials and services - Local	(1,271,550)	(1,075)	(3,286,290)	139
Value added	118,298	100	(2,372,692)	100

Distribution of value added:

To employees: Wages, salaries and pensions	536,561	454	488,213	(21)
Retained in the business: For the replacement of property, plant and equipment and intangible assets (depreciation and amortisation)	48,536	41	48,253	(2)
To deplete reserves	(466,800)	(395)	(2,909,158)	123
Value added	118,298	100	(2,372,692)	100

OTHER NATIONAL DISCLOSURES FINANCIAL SUMMARY

for the year ended 31 December 2023

In thousands of Naira	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
STATEMENTS OF FINANCIAL POSITION					
Total assets	5,273,428	3,791,336	5,697,090	5,678,968	4,570,984
Total liabilities	(516,568)	(416,216)	(242,808)	(187,766)	(217,921)
	4,756,860	3,375,120	5,454,282	5,491,202	4,353,063

FINANCED BY:

Capital contribution	17,346,073	15,497,533	14,667,533	12,867,533	11,150,000
Deficit from operations	(12,589,213)	(12,122,413)	(9,213,252)	(7,376,331)	(6,796,937)
Other reserves	-	-	-	-	-
Equity	4,756,860	3,375,120	5,454,281	5,491,202	4,353,063

STATEMENTS OF FINANCIAL PERFORMANCE

Revenue	1,389,848	913,597	902,838	257,321	206,693
Social impact and other programs expenses	(785,323)	(2,691,304)	(1,766,266)	(964)	(1,063,261)
Recurring expense	(1,071,324)	(1,131,453)	(973,492)	(835,750)	(875,434)
Gain from available for sale securities	-	-	-	-	-
Reclassification to the statement of financial performance on disposal	-	-	-	-	-
Deficit for the year	(466,799)	(2,909,160)	(1,836,920)	(579,393)	(1,732,002)