***The Institute of Chartered Accountants of Nigeria***
Annual Report and Financial Statements
For the Year Ended 31 December 2021

# The Institute of Chartered Accountants of Nigeria
Annual Report and Financial Statements
For the year ended 31st December 2021
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pwc

UHY Maaji

# Independent auditor's report

To the Members of the Institute of Chartered Accountants of Nigeria

## Report on the audit of the financial statements

### Our opinion

In our opinion, the Institute of Chartered Accountants of Nigeria ("the Institute") financial statements give a true and fair view of the financial position of the Institute as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Institute of Chartered Accountants of Nigeria Act.

**What we have audited**

The Institute of Chartered Accountants of Nigeria financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income 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 significant 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 Institute 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 council is responsible for the other information. The other information obtained at the date of this auditor's report are Value Added Statement and Five-Year 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 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 Council and those charged with governance for the financial statements*

The council are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Institute of Chartered Accountants of Nigeria Act, and for such internal control as the council 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 council are responsible for assessing the Institute'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 council either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

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

## *Auditor's responsibilities for the audit of the financial statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council' 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 Institute'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 Institute 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.

Udochi Muogilim

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1162379

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
06 May 2022

Engagement Partner: **Udochi Muogilim**
FRC/2013/ICAN/00000003209

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1196869

For: **UHY Maaji**
Chartered Accountants
Lagos, Nigeria
06 May 2022

Engagement Partner: **Gabriel Idahosa, FCA**
FRC/2014/ICAN/00000009524

# *Statement of comprehensive income*

| | Notes | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| **Income** | | | |
| Fees and subscriptions | 4 | 1,702,348 | 1,637,998 |
| Operating activities | 5(a) | 4,219,346 | 2,123,217 |
| | | **5,921,694** | **3,761,215** |
| **Operational expenditure** | 5(b) | (2,072,414) | (922,955) |
| **Surplus of income over expenditure** | | **3,849,279** | **2,838,260** |
| Investment income | 6(a) | 63,203 | 16,716 |
| Interest income | 6(c) | 50,081 | 42,889 |
| Other income | 6(b) | 35,207 | 77,322 |
| **Total income** | | **3,997,770** | **2,975,187** |
| **Non operational expenditure** | | | |
| International affiliation costs | 7 | 166,907 | 98,072 |
| Depreciation and amortisation | 8 | 211,287 | 212,055 |
| General and administrative expenses | 9 | 950,005 | 947,123 |
| Personnel cost | 10 | 1,071,196 | 1,170,835 |
| Other operational expenditure | 11(a) | 353,091 | 212,499 |
| Impairment (reversal)/charge | 11(b) | (13,744) | 162,200 |
| | | **2,738,742** | **2,802,781** |
| **Surplus for the year** | | **1,259,028** | **172,406** |
| **Other comprehensive income:** | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| Loss in financial assets fair valued through other comprehensive income | 15 | (6,447) | (58) |
| **Total comprehensive income for the year** | | **1,252,581** | **172,348** |

The notes on pages 8 to 31 are an integral part of these financial statements.

**The Institute of Chartered Accountants of Nigeria**
Annual Report and Financial Statements
As at 31 December 2021
*Statement of financial position*

| | Notes | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 1,556,554 | 1,068,889 |
| Investment property | 14 | 1,715,000 | 1,715,000 |
| Financial assets FVOCI | 15 | 21,557 | 43,366 |
| Financial assets at amortised cost | 16(b) | 21,937 | 13,115 |
| **Total non-current assets** | | **3,315,048** | **2,840,370** |
| **Current assets** | | | |
| Members' subscription receivables | 29 | 273,060 | 153,241 |
| Financial assets at amortised cost | 16(b) | 13,115 | 21,869 |
| Inventories | 17 | 188,085 | 189,982 |
| Other receivables | 18 | 89,624 | 105,043 |
| Prepayment | 19 | 65,134 | 297,076 |
| Deferred expenses | 20 | 3,411 | 3,411 |
| Cash and cash equivalents | 21 | 2,123,384 | 1,220,128 |
| **Total current assets** | | **2,755,813** | **1,990,750** |
| **Total assets** | | **6,070,861** | **4,831,120** |
| **Funds and reserve** | | | |
| Accumulated fund | 25(a) | 3,136,127 | 2,111,341 |
| Other charitable and trust funds | 25(b) | 2,577,399 | 2,343,157 |
| FVOCI reserve | | (7,594) | (1,148) |
| **Total funds and reserve** | | **5,705,932** | **4,453,350** |
| **Non-current liabilities** | | | |
| Contract liabilities | 24 | 41,226 | 41,224 |
| **Total non-current liabilities** | | **41,226** | **41,224** |
| **Current liabilities** | | | |
| Accounts payable | 23 | 323,703 | 336,546 |
| **Total current liabilities** | | **323,703** | **336,546** |
| **Total liabilities** | | **364,929** | **377,770** |
| **Total reserves and liabilities** | | **6,070,861** | **4,831,120** |

The notes on pages 8 to 31 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by council on 28th April, 2022 and signed on its behalf by:

Comfort Olujumoke Eyitayo (Mrs)
President
**FRC/2019/ICAN/00000019790**

Oluwatobi Ayodele Abiola
Honorary Treasurer
**FRC/2020/ICAN/00000021823**

Ahmed Modu Kumshe
Registrar/Chief Executive
**FRC/2020/ICAN/00000020859**

# The Institute of Chartered Accountants of Nigeria
Annual Report and Financial Statements
For the year ended 31st December 2021
*Statement of changes in members' funds*

| | FVOCI reserves | Accumulated fund | <— Other charitable and trust funds —> | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FVOCI reserves | Accumulated fund | Development fund | Tuition House Support | Whistleblower Fund | Prizes fund | Benevolent fund | Library fund | Accountancy reseach fund | Study text revolving fund | Student development & support fund | Total |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **Balance at 31 December 2019** | **(1,089)** | **2,138,289** | **1,463,316** | **50,000** | **50,000** | **8,226** | **251,633** | **9,644** | **145,469** | **232,444** | **(66,928)** | **4,281,004** |
| Surplus for the year | - | 172,406 | - | - | - | - | - | - | - | - | - | 172,406 |
| Utilisation from fund | - | 1,521 | - | - | - | (1,354) | - | - | - | - | (167) | - |
| (Transfer from)/receipt into fund | - | (200,875) | - | - | - | 25,127 | - | - | - | 128,282 | 47,466 | - |
| **Movement in funds** | - | - | - | - | - | - | - | - | - | - | - | - |
| Equity investment | (58) | - | - | - | - | - | - | - | - | - | - | (58) |
| **Total comprehensive income** | **(58)** | **(26,948)** | **-** | **-** | **-** | **23,773** | **-** | **-** | **-** | **128,282** | **47,299** | **172,348** |
| **Balance at 31 December 2020** | **(1,147)** | **2,111,341** | **1,463,316** | **50,000** | **50,000** | **31,999** | **251,633** | **9,644** | **145,469** | **360,726** | **(19,629)** | **4,453,352** |
| Surplus for the year | - | 1,259,028 | - | - | - | - | - | - | - | - | - | 1,259,028 |
| Utilisation from fund | - | 17,520 | - | - | - | (3,396) | - | - | - | - | (14,124) | - |
| (Transfer from)/receipt into fund | - | (251,761) | - | - | - | | 25,302 | - | - | 169,614 | 56,845 | - |
| Equity investment | (6,447) | - | - | - | - | - | - | - | - | - | - | (6,447) |
| **Total comprehensive income** | **(6,447)** | **1,024,786** | **-** | **-** | **-** | **(3,396)** | **25,302** | **-** | **-** | **169,614** | **42,721** | **1,252,581** |
| **Balance at 31 December 2021** | **(7,594)** | **3,136,127** | **1,463,316** | **50,000** | **50,000** | **28,603** | **276,935** | **9,644** | **145,469** | **530,340** | **23,092** | **5,705,933** |

The analysis of reserves is presented in Note 26

# The Institute of Chartered Accountants of Nigeria

Annual Report and Financial Statements
For the year ended 31st December 2021
*Statement of cash flows*

| | Notes | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash used in operating and fund activities | 28(a) | 1,315,775 | (81,752) |
| Cash generated from funding activities | 28(b) | 234,241 | 199,354 |
| **Net cash generated from operating activities** | | 1,550,016 | 117,602 |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 13 | (698,948) | (226,534) |
| Purchase of equity investments | 16 | (66,554) | - |
| Proceeds from disposal of property, plant and equipment | 6(b) | - | 5,033 |
| Proceeds from disposal of equity investments | 15 | 68,168 | 1,618 |
| Interest received | 6(c) | 50,081 | 42,889 |
| **Net cash used in investing activities** | | (647,253) | (176,994) |
| **Cash flows from financing activities** | | - | - |
| **Net cash generated from financing activities** | | - | - |
| Net increase in cash and cash equivalents | | 902,763 | (59,393) |
| Foreign exchange (loss)/gain on cash and cash equivalents | | 493 | (10,084) |
| Cash and cash equivalents at the beginning of the year | | 1,220,128 | 1,289,605 |
| **Cash and cash equivalents at the end of the year** | 21 | 2,123,384 | 1,220,128 |

## 1 General information

The Institute of Chartered Accountants of Nigeria (ICAN) is a body established by Act of Parliament No.15 of 1965 to:
i) determine what standards of knowledge and skill are to be attained by persons seeking to become member of the accountancy profession and to raise those standards from time to time as circumstances may permit;
ii) secure in accordance with the provisions of the Act, the establishment and maintenance of the registers of fellows, associates and registered Accountants entitled to practice as Accountants and Auditors and to publish from time a list of those persons;
iii) perform, through the Council of the Institute, all other functions conferred on it by the Act.

The Institute is an accountancy body in Nigeria recognised by the International Federation of Accountants (IFAC) as the foremost professional accountancy body in the West African sub-region. The Institute, in 1982, initiated and contributed significantly to the formation of the Association of Accountancy Bodies in West Africa (ABWA). The Institute is also a pioneer member of Pan-African Federation of Accountants (PAFA) and indeed produced its pioneer president.

**HEAD OFFICE**
Plot 16, Idowu Taylor Street,
Victoria Island, Lagos, Nigeria
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**VISION**
To be a leading global professional body.

**MISSION STATEMENT**
To produce world class Chartered Accountants, regulate and continually enhance their ethical standards and technical competence in the public interest.

**MOTTO**
Accuracy and Integrity

FINANCIAL REPORTING REGISTRATION NO:
FRC/2013/0000000017

**JOINT AUDITORS**
PricewaterhouseCoopers (PwC)
Chartered Accountants
Landmark Towers
5B Water Corporation Road
Victoria Island
Lagos

UHY Maaji & Co Chartered Accountants
22 Town Planning Way
Ilupeju
Lagos

## 2 Summary of significant accounting policies

### 2.1 Introduction to summary of significant accounting policies

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

### 2.2 Basis of preparation

The financial statements of the Institute of Chartered Accountants of Nigeria have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in members' funds, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are

rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Institute's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Institute's financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

### 2.2.1 Going concern

The Institute has consistently been generating funds through its members' subscriptions and students' exams fee. The Management believes that there is no intention or threat from any source to curtail significantly its membership and students enrollment in the foreseeable future. Thus, these financial statements are prepared on going concern basis.

### 2.2.2 Changes in accounting policies and disclosures

**(a) New standards, amendments and interpretations adopted by the Institute**

There were no new standards adopted by the Institute for the first time for the financial year beignning on or after 1 January 2020.

### 2.2.3 Financial assets

**(a) Classification and measurement**

It is the Institute's policy to initially recognize investments and other financial assets at fair value plus transaction costs.

Classification and subsequent measurement is dependent on the Institute's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Institute may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income (FVTOCI).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Institute has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Institute's equity investments are classified at FVTOCI. Other financial assets satisfy the conditions for classification at amortised cost under IFRS 9.

The Institute's financial assets at amortised cost at the reporting date include staff loans, loans and receivables and receivables from district societies. Other financial assets at amortised cost include cash and cash equivalents, membership subscription receivables, and other receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date.

Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in finance income/cost.

**Equity investments**

The Institute's policy is to subsequently measure all quoted investments at FVTOCI. Fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends from such investments continue to be recognised in profit or loss as other income when the Institute's right to receive payments is established.

**(a) Classification and measurement (Cont'd)**

**Financial liabilities**

Financial liabilities of the Institute are classified and measured at fair value on initial recognition and subsequently at amortized cost net of directly attributable transaction costs.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Institute's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Institute's financial liabilities include accrued expenses and other account payables. The Institute does not have any financial liabilities at fair value through profit or loss.

**(b) Impairment of financial assets**

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortized cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied to membership subscription receivables while the general approach is applied to all other financial assets at amortised cost.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Institute's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimates by adopting the average recovery rates for corporate senior unsecured loans in emerging economies. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as inflation and interest rate, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in profit or loss.

**(c) Significant increase in credit risk and default definition**

**Significant increase in credit risk**

The Institute assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Institute identifies the assets that require close monitoring. The Institute has considered various quantitative and qualitative criteria in determining significant increase in credit risk.

i) Quantitative criteria
The Institute has considers the external credit rating for other receivables in determining significant increase in credit risk (SICR). The Institute monitors changes in external ratings of counterparties to assess significant increase in credit risk (SICR). Evidence of SICR depends on rating at initial recognition and the extent of movement in number of notches downgrade (number of downward movements between rating grades) as at reporting date.

The Institute considers a four-notch downgrade and two-notch downgrade in investment grades and speculative grades categories respectively. For investment grade facilities, a deterioration to speculative grade is also deemed significant.

**Significant increase in credit risk and default definition (Cont'd)**

The table below shows the notch downgrades for each credit rating:

| External credit Rating (S&P) | Grade | Number of notch |
|---|---|---|
| AAA | Investment grade | 4 |
| AA+ | | |
| AA | | |
| AA- | | |
| A+ | | |
| A | | |
| A- | | |
| BBB+ | | |
| BBB | | |
| BBB- | | |

| External credit Rating (S&P) | Grade | Number of notch downgrades |
|---|---|---|
| BB+ | Speculative grade | 2 |
| BB | | |
| BB- | | |
| B+ | | |
| B | | |
| B- | | |
| CCC+ | | |
| CCC | | |
| CCC- | | |
| C | | |
| D | | |

ii) Qualitative criteria
The Institute considers the following as qualitative indicators of significant increase in credit risk:

1. Actual or expected forbearance or restructuring.
2. Significant deterioration in liquidity/solvency levels of the debtor at the reporting date which could result in a significant change in the party's ability to meet its obligations relative to the origination date (date the receivable was recognised).
3. Significant increase in credit spread
4. Significant adverse changes in business, financial and/or economic conditions in which the counterparty operates.

iii) Back stop indicator
Financial assets that have been identified to be more than 30 days past due (Watchlist) on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

Definition of default
In line with the Institute's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Institute carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Institute determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

The Institute considers a financial asset to be in default which is fully aligned with the credit-impaired, when it meets one or more of the following criteria:
i) Quantitative criteria
The party is more than 90 days past due on its contractual payments.
ii) Qualitative criteria
The member/party meets unlikeliness to pay criteria, which indicates the member/party is in significant financial difficulty. These are instances where:

- The party is in long-term forbearance
- The party is deceased
- The party is insolvent
- The party is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the party's financial difficulty

**(d) Derecognition**

**Financial assets**

The Institute derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized as finance income/ cost.

**Financial liabilities**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of comprehensive income.

**(e) Write-off policy**

The Institute writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicator that there is no reasonable expectation of recovery includes ceasing enforcement activities.

**(f) Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Institute or the counterparty.

**2.2.4 Revenue recognition from contracts with customers**

Revenue is measured at the fair value of the consideration received or receivable for services, in the ordinary course of the Institute's activities. "The Institute recognises fees and subscriptions to depict the transfer of promised services to members and students in an amount that reflects the consideration to which it expects to be entitled in exchange for those services"

A valid contract is recognised as revenue after;
- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The probability that a customer would make payment (collectability criteria) is ascertained based on the evaluation done on the members as stated in the credit management policy at the inception. The historical performance of members are considered when determining collectability of the revenue.

The Institute is the principal in all of its revenue arrangement and recognises revenue from the following activities:.
- Fees and subscription
- Qualification and fellowship
- Regulation, education and discipline
- Conferences and courses
- Seal and stamps

Revenue for providing these services are recognised in the accounting period in which the services are provided. Each of the services are a separate performance obligation. Fees and subscription are recognised over time as the service is provided while all other revenue are recognised at a point in time.

**2.3 Critical accounting estimates and judgements**

The preparation of the Institute's historical financial statements in accordance with IFRSs requires the use of certain accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement and assumptions in applying the Institute's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

**Estimates and assumptions**
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Institute based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Institute. Such changes are reflected in the assumptions when they occur.

**(a) Critical estimates**

**Estimates applied in measuring the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 3.2 which also sets out key sensitivities of the ECL to changes in these elements.

**2.3 Critical accounting estimates and judgements (Cont'd)**

**(b) Critical judgements**

**i Judgements applied in measuring the expected credit loss allowance**

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

**ii Judgements applied in recognising revenue from contracts with customers**

The Institute applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

**Definition of Customers**

A customer is a party that has contracted with the institute to use the profession membership license issued by the institution or become a member of the institution.
The contracts between the Institution and its customers have commercial substance, and both parties have the intent and ability to uphold their respective obligations.

**Identification of performance obligation**

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is because revenue is only recognised at the point or over the period in which the performance obligation is fulfilled. At inception, the institute assesses the services promised in the contract with a customer to identify the performance obligations.
The performance obligation of the institute to its members is the provision of membership and practicing licences to its members.

Other performance obligations of the institute to its members include conducting examinations, organisation of conferences and courses and sale of seal and stamps.

**Timing of revenue recognition**

Membership subscription which includes faculty, licences and membership subscriptions are recognised over time as the service is provided while all other streams like examanination fees, organisation of conferences and courses and sale of stamps and seals are recognised at a point in time.

Estimates of revenues or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management

**Collectability assessment on whether consideration is probable**

The Institute has applied judgement in assessing whether collectability is probable. For membership subscription, the Institute has assessed that collectability is probable for only members that have been active within the last three (3) years. This means that even though these active members may not have paid the membership fees for or in the current period, the likelihood of payment is more than 50%. This pattern of revenue recognition aligns with the Institutes recent stance to delist all members that have not been active after 3 years. Delisting signifies a break in contract between the institute and delisted members. Therefore, no revenue is recognised for delisted members.
This judgement has been applied prospectively in accordance with IAS 8.

If revenue was recognised based only on cash receipts from members, profit/loss would have been N192m higher during the year.

**3 Significant accounting policies**

**3.1.1 Dividend income**

Dividend income from investment is recognised when the Institute's right to receive payment is established.

**3 Significant accounting policies (Cont'd)**

**3.1.2 Investment income**

Investment income is recognised in the statement of comprehensive income as it accrues by using the effective interest rate method. Fees and commission that are integral part of the effective yield of the financial asset or liabilities are recognised as adjustment to the effective interest rate of the financial instrument.

**3.1.3 Rental income**

Rental income relates to income from the use of Amuwo Odofin building for social activities and rent collected from Akintola Williams House, Abuja. Both property are classified as investment property. Rental income is recognised on accrual basis.

**3 Significant accounting policies (Cont'd)**

**3.1.4 Donations to the Institute**

The Institute receives donations from its members and other stakeholders, which are generally non-reciprocal transfers, involve transfers from entities other than the owners and these contributions are voluntary. These donations whether cash or asset (e.g. Property, Plant and Equipment) shall be recognised as income in the period it is received or receivable when and only when all the following conditions have been satisfied:

(a) There is irrevocable commitment from the donor to the Institute
(b) It is probable that the economic benefits arising from the donation will flow to the Institute and
(c) The amount of the donation can be measured reliably.

**Donations by the Institute to institutions and others**

The Institute from time to time as a way to increase it's awareness among Nigerian students which in turn would increase students' enrolment of it's examination and as part of its corporate social responsibility (CRS) donates by way of non-reciprocal transfers in form of cash and/or assets (e.g. property, plant and equipment). In either way donation by cash or asset shall be accounted in the Institute's financial statement as follows;

(a) Donation by way of cash transfers shall be expensed during the year
(b) Donations by way of assets- On completion this will be capitalised to the property, plant and equipment accounts and subjected to a depreciation rate of 25 %( four years) before being fully handed over to the recipients.

**3.1.5 Inventories**

Inventories are stated at the lower of cost and net realisable value after making adequate provision for obsolescence and damaged items. Cost comprises suppliers' invoice, prices and other costs incured to bring the stocks to its present location and condition. Cost is determined using the first-in, first-out (FIFO) method.

**3.1.6 Investment properties**

Investment property are property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property are measured at fair value and it is the Institute's policy to perform this every three years as this will result in a more appropriate subsequent measurement at fair value. Gains or losses arising from changes in the fair value of investment property are included in statement of comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

**3.1.7 Property, plant and equipment**

All categories of property plant and equipment are stated initially at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. 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 Institute and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**3.1.8 Depreciation**

Depreciation of assets commences when assets are available for use. Depreciation is provided on all property, plant and equipment, other than leasehold land which is not depreciated, at rates calculated to write-off the cost or valuation, of each asset on a straight-line basis over its expected useful life, as follows:

- Freehold property - Not depreciated
- Buildings - 2%
- Lecture theatres - 25%
- Motor vehicles - 33%
- Office furniture and fittings - 25%
- Computer hardware equipment - 25%
- Plant and machinery - 25%
- Library books - 25%

**3 Significant accounting policies (Cont'd)**

**3.1.9 Impairment of financial assets**

At each balance sheet date, the Institute reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset. The Institute estimates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment loss is charged to the statement of comprehensive income immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

**3.1.10 Intangible assets and impairment**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. A separately acquired intangible assets arising from ICAN's development projects is recognised only if all the following conditions are met:
i. it is technically feasible to complete the product so that it will be available for use,
ii. the intention is to complete the product for internal use or to sell it,
iii. it is probable that the asset created will generate future economic benefits, and
iv. the development cost of the asset can be measured reliably.

Where no separately acquired intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Directly attributable costs that are capitalised include development project consultant costs and an appropriate portion of relevant overheads. Development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period. Separately acquired intangible assets are amortised over their estimated useful lives, which are usually no more than five years. Amortisation begins when the intangible asset is available for use.

**Impairment of non-financial assets**

Intangible assets which are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

**3.1.11 Foreign currency translation**

For the purpose of these financial statements, the results and financial position of the Institute are expressed in Naira, which is the functional currency of the Institute, and the presentation currency for the financial statements.

**Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Instittue's functional currency are recognized in Statement of comprehensive income within other income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

**3.1.12 Defined contribution plan**

The Institute operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2014 with employee contributing 10% and employer contributing 10% each of the employee's relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

**3.1.13 Contract assets/liabilities**

Subscriptions, interest and conference incomes received in advance are deferred to the period it relates. Interest expenses paid in advance on car loans to staff using effeivtive interest rate is deferred to the period it relates.

**3.1.13 Provisions**

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that the Institute will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimate to settle present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.1.14 Investment properties**

Investment properties, principally freehold office buildings, are held for long-term rental yields. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income. The Instittute obtains independent valuations for its investment properties at least every three years.

## 3.2 Financial risk management

### 3.2.1 Introduction and overview of the Institute's risk management

This note presents information about the Institute's exposure to financial risks and the Institute's management of capital.

**Credit risk**
Credit risk is the risk of suffering financial loss, should any of the Institute's members, students or market counterparties fail to fulfil their contractual obligations to the Institute. Credit risk arises mainly from cash and cash equivalents, membership subscription receivables and credit exposures to other parties (i.e. other receivables).

Credit risk is the single largest risk for the Institute's business, management therefore carefully manages its exposure to credit risk.

**(a) Credit risk management**

The Institute's risk management policies are established to identify and analyse the risks faced by the Institute, to set appropriate risk limits and controls, to monitor risks and adherence to limits. the Institute regularly monitors and reviews its exposure with key banking and investment manager, suppliers and for deposits, only independently rated banks and financial institutions with a minimum rating of 'A' are used. The Institute's trade receivables relate substantially to members' and students' fees and subscriptions.

The credit risk analysis below is presented in line with how the Institute manages the risk. The Institute manages its credit risk exposure based on the carrying value of the financial instruments as this represents its maximum exposure.

The maximum exposure to credit risk as at the reporting date is;

| | | Maximum Exposure | |
|---|---|---|---|
| | Note | 31 December 2021 N'000 | 31 December 2020 N'000 |
| Financial assets at FVOCI (equity instruments) | 16 | 41,199 | 43,366 |
| Financial assets at amortised cost | | 28,532 | 34,984 |
| ***Other financial assets at amortised cost:*** | | | |
| Cash and bank balances (short term investments) | | 2,123,004 | 1,340,660 |
| Membership subscription receivables | 29 | 915,940 | 561,794 |
| Other receivables | 18 | 77,243 | 183,087 |
| **Total assests bearing credit risk** | | **3,144,719** | **2,120,525** |

**Financial assets at FVOCI**

**Impairment of financial assets at amortised cost**
The Institute has four types of financial assets that are subject to the expected credit loss model:
- Financial assets at amortised cost (staff loans)
- Cash and bank balances (including short term investments)
- Membership subscription receivables, and
- Other receivables.

While cash and bank balances (including short term investments) are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**Financial assets at amortised cost**

The financial assets at amortised costs includes staff loans, the Institute assessed the balance as at 31 December 2021 and have not subjected it for impairment assessment because the funds are deducted at source.

**Membership subscription receivables**
An expected loss rate was calculated as the percentage of the receivable that is deemed uncollectible during a particular period. The expected loss rates as at 31 December 2021 and 31 December 2020 are as follows:

**31 December 2021**

| | Current N'000 | 30-120 days past due N'000 | 120-360 days past due N'000 | More than 360 days past due N'000 | Total N'000 |
|---|---|---|---|---|---|
| Gross carrying amount | - | - | 489,447 | 252,079 | 741,526 |
| *Default rate* | 0 | 34.58% | 45.59% | 54.29% | |
| Lifetime expected ECL | - | - | (265,719) | (202,746) | (468,466) |
| Total | - | - | 223,728 | 49,333 | 273,060 |

**3.2 Financial risk management (Cont'd)**

| | 31 December 2020 | | | | |
|---|---|---|---|---|---|
| | Current N'000 | 30-120 days past N'000 | 120-360 days N'000 | More than 360 N'000 | Total N'000 |
| Gross carrying amount | - | - | 119,566 | 442,227 | 561,793 |
| *Default rate* | | | 46.46% | 79.83% | |
| Lifetime expected ECL | - | - | (55,545) | (353,008) | (408,553) |
| Total | - | - | 64,021 | 89,219 | 153,240 |

**Other receivables**

The following analysis provides further detail about the calculation of ECLs related to these financial assets. The Institute considers the model and the assumptions used in calculating the ECLs as key sources of estimation uncertainty.

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | Stage 1 12 months ECL N'000 | Stage 2 Lifetime ECL N'000 | Stage 3 Lifetime ECL N'000 | Total N'000 |
| Gross carrying amount | 94,013 | | | 94,013 |
| Loss allowance | (4,389) | | | (4,389) |
| Net EAD | 89,624 | - | - | 89,624 |

| | 31 December 2020 | | | |
|---|---|---|---|---|
| | Stage 1 12 months ECL N'000 | Stage 2 Lifetime ECL N'000 | Stage 3 Lifetime ECL N'000 | Total N'000 |
| Gross carrying amount | 109,693 | | 73,394 | 183,087 |
| Loss allowance | (4,652) | | (73,394) | (78,046) |
| Net EAD | 105,041 | - | - | 105,041 |

**Roll forward movement in loss allowance**

The loss allowance recognised in the period is impacted by a variety of factors, as described below:
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-off of receivables and allowances related to assets.

The following tables explain the changes in the loss allowance between the beginning and end of the annual period due to these factors:

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| Loss allowance as at 1 January 2021 | 4,652 | - | 73,394 | 78,046 |
| *Movements with profit or loss impact* | | | | |
| New financial assets originated or purchased | 532 | - | | 532 |
| Derecognised financial assets | - | - | (73,394) | (73,394) |
| Total net profit or loss charge during the period | 532 | - | (73,394) | (72,862) |
| Loss allowance as at 31 December 2021 | 5,184 | - | - | 5,184 |

| | 31 December 2020 | | | |
|---|---|---|---|---|
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
| Loss allowance as at 1 January 2020 | 2,146 | 3,778 | 78,292 | 84,216 |
| Movements with profit or loss impact | | | | - |
| New financial assets originated or purchased | 2,233 | (4,059) | - | (1,826) |
| Derecognised financial assets | | - | (4,898) | (4,898) |
| Unwind of discount | 273 | 281 | - | 554 |
| Total net profit or loss charge during the period | 2,506 | (3,778) | (4,898) | (6,170) |
| Loss allowance as at 31 December 2020 | 4,652 | - | 73,394 | 78,046 |

**3.2 Financial risk management (Cont'd)**

**Credit risk exposure**

The table below contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised using the general model. The gross carrying amount of financial assets below also represents The Institute's maximum exposure to credit risk on these assets.

(i) Other receivables

| | 31 December 2021 | | | | 2020 |
|---|---|---|---|---|---|
| | Stage 1 12-month ECL N'000 | Stage 2 Lifetime ECL N'000 | Stage 3 Lifetime ECL N'000 | Total N'000 | Total N'000 |
| Speculative grade | 94,013 | - | | 94,013 | 109,693 |
| Default | - | - | - | - | 73,394 |
| **Gross carrying amount** | 94,013 | - | - | 94,013 | 183,087 |
| Loss allowance | (4,389) | - | - | (4,389) | (78,046) |
| **Carrying amount** | 89,624 | - | - | 89,624 | 105,041 |

**b) Measuring ECL- Explanation of inputs, assumptions and estimation techniques**

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a party defaulting on its financial obligation (as per "Definition of default and credit-impaired") either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
• EAD is based on the amounts the Institute expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
• Loss Given Default (LGD) represents the Institute's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

**c) Estimation uncertainty in measuring impairment loss**

In establishing sensitivity to ECL estimates for membership subscription receivables, other receivables and cash and cash equivalents, four variables (GDP growth rate, unemployment rate, Inflation and US exchange rate) were considered. The Institute's receivables portfolio reflects greater responsiveness to GDP growth rate and inflation rates.

The tables below shows information on the sensitivity of the carrying amounts of the Institute's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Institute's financial assets.

**Sensitivity of estimates used in IFRS 9 ECL**

In establishing sensitivity to ECL estimates, the Institute's membership subscription receivables and other receivables reflect greater responsiveness to GDP growth rate and inflation rates.

The table below shows information on the sensitivity of the carrying amounts of the receivables to the assumptions and estimates used in calculating impairment losses at the end of the reporting period.

a) Simplified approach:
Significant unobservable inputs
Expected cash flow recoverable from membership subscription receivables
The table below demonstrates the sensitivity to a 10% change in the expected cash flows from trade receivables, with all other variables held constant:

**3.2 Financial risk management (Cont'd)**

**Sensitivity of estimates used in IFRS 9 ECL (Cont'd)**

| | Effect on Surplus/ loss for the year 2021 N'000 | Effect on Surplus/ loss for the year 2020 N'000 |
|---|---|---|
| (Increase)/decrease in estimated cash flows | | |
| +10% | 8,334 | 40,855 |
| -10% | (15,891) | (40,855) |

*Sensitivity to macroeconomic variables*

This table shows the sensitivity of the expected credit loss to a 10% inverse and positive change to each forward-looking macro variables, with all other variables held constant:

**2021 GDP Growth Rate**

| | | [10%] N'000 | No change N'000 | [-10%] N'000 |
|---|---|---|---|---|
| Inflation rate | [+10%] | 3,546 | (10,690) | (24,926) |
| | No change | 14,236 | - | (14,236) |
| | [-10%] | 24,926 | 10,690 | (3,546) |

**2020 GDP Growth Rate**

| | | [10%] N'000 | No change N'000 | [-10%] N'000 |
|---|---|---|---|---|
| Inflation rate | [+10%] | 11,560 | (3,407) | (18,373) |
| | No change | 14,966 | - | (14,966) |
| | [-10%] | 18,373 | 3,407 | (11,560) |

b) General approach - Other receivables
Significant unobservable inputs
The table below demonstrates the sensitivity to movements in the probability of default (PD) for financial assets, with all other variables held constant

| | 2021 Effect on Surplus/ loss for the year N'000 | 2020 Effect on Surplus/ loss for the year N'000 |
|---|---|---|
| (Increase)/decrease in estimated cash flows | | |
| +10% | (682) | (917) |
| -10% | 686 | 917 |

*Sensitivity to Loss Given Default*

The table below demonstrates the sensitivity to movements in the loss given default (LGD) for financial assets, with all other variables held constant

| | 2021 Effect on Surplus/ loss for the year N'000 | 2020 Effect on Surplus/ loss for the year N'000 |
|---|---|---|
| (Increase)/decrease in Loss Given Default | | |
| +10% | (167) | (856) |
| -10% | 167 | 856 |

*Sensitivity to macroeconomic variables*

This table shows the sensitivity of the expected credit loss to a 10% inverse and positive change to each forward-looking macro variables, with all other variables held constant:

**2021 GDP Growth Rate**

| | | [10%] N'000 | No change N'000 | [-10%] N'000 |
|---|---|---|---|---|
| Inflation rate | [+10%] | 52 | 204 | 357 |
| | No change | (153) | - | 153 |
| | [-10%] | (358) | (205) | (52) |

**3.2 Financial risk management (Cont'd)**

*Sensitivity to macroeconomic variables (Cont'd)*

| | | GDP Growth Rate [10%] N'000 | No change N'000 | [-10%] N'000 |
|---|---|---|---|---|
| | [+10%] | 259 | 336 | 413 |
| Inflation rate | No change | (77) | - | 77 |
| | [-10%] | (413) | (336) | (259) |

**3.2.3 Liquidity risk**

Liquidity risk arises from Institute's management of working capital. It is the risk that the Institute will encounter difficulty in meeting its financial obligations as they fall due. The Institute manages its liquidity risk by ensuring that it has adequate fund. The Institute receives the majority of its income as subscriptions in the first quarter of the year, or as examination fees, exemption fees, relating to two examination sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk. In addition to its own bankers, the Institute uses specialist investment advisers to invest cash surpluses with major banks of suitable credit standing to spread the risk, a maximum of 20% obligor limit is maintained per bank. Cash surpluses are invested in interest bearing fixed and call financial instrument and Federal Government Treasury Bills. At the balance sheet date the Institute held N185 million (2020: N138 million) in term deposits, N978million (2020: N523 million) in Treasury Bills and N197 million (2020: N549 million) in call accounts. Liquidity is managed to ensure investments are liquidated in a timely manner to meet operating requirements.

**3.2.4 Market risk**

Market risk arises from Institute's use of interest bearing, tradable and financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk relates to the risk of loss due to fluctuations in both cash flows and the fair value of financial assets and liabilities due to change in market interest rates. The Institute invests surplus cash in the short-term and in doing so exposes itself to the fluctuation in interest rates that are inherent in such a market.

Currency risk relates to the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange risk. The Institute operates nationally and internationally in affiliation with foreign professional bodies such as IFAC, ABWA and PAFA. It also has foreign District Societies: (USA, Cameroun, Malaysia and UK) and is exposed to foreign currency exchange risk arising from the transfer of foreign currency to these bodies. The Institute mitigates the risk with regards to income because all fees and subscriptions charged by it are in Naira. At the balance sheet date 100% of the Institute's cash and cash equivalents were held in various Nigeria banks (2020: 100%).

Other price risk relates to the risk of changes in market prices of the available-for-sale investments. The Institute invests surplus cash in a managed fund operated by fund managers and in doing so exposes itself to the fluctuations in price that are inherent in such a market. The Institute's Finance and General Purposes Committee has given Fund Managers discretionary management of the funds.

**3.2.4 Trade payables**

Trade payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost. Others are measured in respect to their applicable standards.

**3.2.5 Investment risk**

Budgets are prepared on a prudent basis and income from investments is not relied on for ICAN's ongoing activities. Investments are reviewed on a regular basis.

**3.2.6 Capital**

The Institute considers its capital to be its accumulated and charitable and trust funds and fair value reserve. Council's financial objective is to generate a targeted operating position, to build and maintain reserves at a sustainable level, taking into account the various competitive risks. The Institute also aims to achieve additional long-term growth in reserves through the active management of the investment portfolio. A five-year financial plan has been developed which, over the period of the plan, targets an agreed level of accumulated fund. The Finance and General Purposes Committee reviews the financial position of the Institute at each committee meeting. The Institute is not subject to any material externally imposed capital requirements.

### 3.2.7 Critical judgements and estimates

*Collectability assessment on whether consideration is probable*

The Institute has applied judgement in assessing whether collectability is probable. For membership subscription, the Institute has assessed that collectability is probable for only members that have been active within the last three (3) years. This means that even though these active members may not have paid the membership fees for or in the current period, the likelihood of payment is more than 50%. This pattern of revenue recognition aligns with the Institutes recent stance to delist all members that have not been active after 3 years. Delisting signifies a break in contract between the institute and delisted members. Therefore, no revenue is recognised from demand notices (Invoices) sent to delisted members. However, revenue is recognised when delisted members are readmitted by the institute. The revenue from delisted members is recognised when cash is received in the period they are readmitted.

| | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| **4** | **Fees and subscriptions** | | |
| **4.1** | **Members:** | | |
| | Admission fees | 29,200 | 24,500 |
| | Annual subscriptions | 734,232 | 755,371 |
| | Practicing licence and renewal | 19,178 | 42,001 |
| | Faculty registration and subscription | 69,598 | 93,942 |
| | Re-admission fees | 11,117 | 20,853 |
| | Registration of firms | 6,689 | 2,960 |
| | Development levy | 5,791 | 1,751 |
| | Graduate membership subscription | 1,024 | 1,079 |
| | | 876,828 | 942,457 |
| **4.2** | **Professional students:** | | |
| | Subscriptions | 324,167 | 130,778 |
| | Registrations | 56,803 | 49,832 |
| | Exemption fees | 383,466 | 481,975 |
| | | 764,436 | 662,585 |
| **4.3** | **ATS students:** | | |
| | Subscriptions | 30,381 | 6,157 |
| | Registrations | 24,021 | 15,756 |
| | Exemption fees | 6,682 | 11,044 |
| | | 61,084 | 32,957 |
| | **Total fees and subscriptions** | 1,702,348 | 1,637,999 |
| **5(a)** | **Operating activities** | | |
| | **Qualifications and fellowship** | | |
| | Professional examinations | 1,553,042 | 1,290,787 |
| | ATS examinations | 198,543 | 190,424 |
| | Fellowship award conferment | 182,374 | 173,026 |
| | New members' induction | 170,920 | 159,250 |
| | | 2,104,879 | 1,813,487 |
| | Regulation, education and discipline | | |
| | Faculties | 44,238 | 35,012 |
| | MCPE | 110,616 | 125,314 |
| | | 154,854 | 160,326 |
| | Conferences and courses | | |
| | Annual Accountants' conference | 1,797,876 | - |
| | Annual dinner and Institute merit award | 15,809 | 1,250 |
| | UK-USA-CANADA conference | - | 7,420 |
| | | 1,813,685 | 8,670 |
| | Publications and stamps | | |
| | Institute members' seal and stamps | 143,712 | 139,320 |
| | Students' study text | 2,216 | 1,416 |
| | | 145,928 | 140,735 |
| | **Total operating activities** | 4,219,346 | 2,123,218 |

| | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| **5(b)** | **Operational expenditure** | | |
| | **Qualifications and fellowship** | | |
| | Professional examinations | 657,778 | 604,921 |
| | ATS examinations | 196,760 | 193,655 |
| | Fellowship award conferment | 40,657 | 7,648 |
| | New members' induction | 95,814 | 28,764 |
| | | 991,009 | 834,988 |
| | **Regulation, education and discipline** | | |
| | Faculties | 24,616 | 21,059 |
| | MCPE | 35,281 | 41,265 |
| | | 59,897 | 62,324 |
| | **Conferences and courses** | | |
| | Annual Accountants' conference | 967,728 | - |
| | Annual dinner and Institute merit award | 15,445 | 678 |
| | | 983,173 | 678 |
| | **Publications and stamps** | | |
| | Institute members' seal and stamps | 12,318 | 5,610 |
| | Students' study text | 26,017 | - |
| | | 38,335 | 5,610 |
| | **Total operational expenditure** | 2,072,414 | 903,600 |

| 5(c) Analysis of operational activities<br>Year ended December 31, 2021 | GROSS INCOME N'000 | GROSS EXPENDITURE N'000 | NET INCOME / (EXPENDITURE) N'000 |
|---|---|---|---|
| **Qualifications and fellowship** | | | |
| Professional examination | 1,553,042 | (657,778) | 895,264 |
| ATS examinations | 198,543 | (196,760) | 1,783 |
| Fellowship award conferment | 182,374 | (40,657) | 141,717 |
| New members' induction | 170,920 | (95,814) | 75,106 |
| | 2,104,879 | (991,009) | 1,113,870 |
| **Regulation, education and discipline** | | | |
| Faculties | 44,238 | (24,616) | 19,622 |
| MCPE | 110,616 | (35,281) | 75,335 |
| | 154,854 | (59,897) | 94,957 |
| **Conferences and courses** | | | |
| Annual Accountants' conference | 1,797,876 | (967,728) | 830,148 |
| Annual dinner and Institute merit award | 15,809 | (15,445) | 364 |
| | 1,813,685 | (983,173) | 830,512 |
| **Publications and stamps** | | | |
| Institute members' seal and stamps | 143,712 | (12,318) | 131,394 |
| Students' study text | 2,216 | (26,017) | (23,801) |
| | 145,928 | (38,335) | 107,593 |
| **Total net surplus from operational activities** | 4,219,346 | (2,072,414) | 2,146,932 |

| 5(d) Analysis of operational activities<br>Year ended December 31, 2020 | GROSS INCOME N'000 | GROSS EXPENDITURE N'000 | NET INCOME / (EXPENDITURE) N'000 |
|---|---|---|---|
| **Qualifications and fellowship** | | | |
| Professional examinations | 1,290,787 | (600,845) | 689,942 |
| ATS examinations | 190,424 | (193,336) | (2,912) |
| Fellowship award conferment | 173,026 | (7,648) | 165,378 |
| New members' induction | 159,250 | (28,764) | 130,486 |
| | 1,813,487 | (830,593) | 982,894 |
| **Regulation, education and discipline** | | | |
| Faculties | 35,012 | (21,059) | 13,953 |
| MCPE | 125,314 | (41,265) | 84,049 |
| | 160,326 | (62,324) | 98,002 |
| Conferences and courses | | | |
| Annual Accountants' Conference | - | - | - |
| Annual dinner and Institute merit award | 1,250 | (678) | 572 |
| UK-USA-CANADA conference | 7,420 | (19,355) | (11,935) |
| | 8,670 | (20,033) | (11,363) |
| Publications and stamps | | | |
| Institute members' seal and stamps | 139,320 | (5,610) | 133,710 |
| Students' study text | 1,415 | (4,397) | (2,982) |
| | 140,735 | (10,007) | 130,728 |
| **Total net surplus from operational activities** | 2,123,218 | (922,957) | 1,200,261 |

| | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|
| **6(a) Investment income** | | |
| Investment income | 2,424 | 6,024 |
| Rental income | 60,779 | 10,690 |
| | 63,203 | 16,715 |
| **6(b) Other income** | | |
| Income from sale of store items | 1,658 | 6,147 |
| Accreditation fees | 2,175 | 1,255 |
| Contractors' registration fees | 1,514 | 1,504 |
| Insurance commission | 901 | 1,237 |
| Advertisement income | 300 | 260 |
| Insurance claims | 254 | 2,205 |
| Profit on disposal of property, plant and equipment | - | 5,033 |
| Transcripts fees | 18,889 | 21,202 |
| E-Library/web service | 17 | - |
| SSPC management fee | 879 | 529 |
| University of Lagos-endowment fund | 1,763 | 3,302 |
| Reissue of certificate | 270 | 289 |
| Research seminar | - | 50 |
| Hire of vehicles | 180 | 50 |
| Examination results/scripts | 186 | 157 |
| Change of name | 265 | 247 |
| Group internet | 22 | 51 |
| Academic conference | 2,814 | 1,082 |
| Replacement of ID cards/others | 3,124 | 2,639 |
| Donations received | - | 10,010 |
| IT conference | - | 620 |
| Exchange gain | - | 19,454 |
| | 35,207 | 77,323 |

| Note | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| 6(c) | **Interest income** | | |
| | Interest income from bank deposit and treasury bills | 50,081 | 42,889 |
| 7 | International affiliation costs | | |
| | **IFAC:** | | |
| | Subscription | 20,457 | 25,593 |
| | Travelling and other meeting expenses | 460 | 13,593 |
| | | 20,917 | 39,186 |
| | **ABWA:** | | |
| | Subscription | 18,655 | 24,442 |
| | Travelling and other meeting expenses | 15,073 | 2,747 |
| | | 33,728 | 27,189 |
| | **PAFA:** | | |
| | Subscription | 26,546 | 9,063 |
| | Travelling and other meeting expenses | 45,444 | 17,266 |
| | | 71,990 | 26,329 |
| | **Chartered Accountants Worldwide** | | |
| | Subscription | 13,250 | 5,368 |
| | **African Congress of Accountants expenses** | 27,022 | - |
| | **Total International affiliation costs** | 166,907 | 98,072 |
| 8 | **Depreciation and amortisation** | | |
| | Depreciation of property, plant and equipment | 211,287 | 212,055 |
| | | 211,287 | 212,055 |
| 9 | **General and administrative expenses** | | |
| | General repairs and maintenance | 139,301 | 105,236 |
| | Council and committee meeting expenses | 224,777 | 116,525 |
| | Annual general meeting expenses | 21,579 | 19,103 |
| | Insurance | 6,168 | 36,208 |
| | Local and overseas tours and other activities | 110,338 | 90,055 |
| | Co - ordination of district/student societies | 46,574 | 64,788 |
| | Subscription and donations | 20,504 | 49,651 |
| | Advertisements and publicity | 13,783 | 9,487 |
| | Printing, photocopy and stationery | 10,528 | 37,616 |
| | Telephone and postages | 59,692 | 52,935 |
| | Vehicle running costs | 66,472 | 48,819 |
| | Travelling expenses | 47,437 | 43,560 |
| | Library expenses | 10,493 | 58 |
| | Refreshment at meetings | 35,385 | 16,936 |
| | Industrial Training Fund | 10,712 | 20,044 |
| | Computer expenses | 21,026 | 15,257 |
| | Audit fees | 13,000 | 13,000 |
| | Bank charges | 3,664 | 7,979 |
| | Store expenses | - | 8,045 |
| | Exchange loss | 6,517 | - |
| | Loss on fair value of investment in stock | 5,624 | - |
| | Other expenses | 42,653 | 8,840 |
| | Academic conference expenses | 8,667 | 1,482 |
| | Helpdesk related expenses | 5,418 | 4,300 |
| | Marketing expenses | 1,640 | 236 |
| | IT subscription/licence fees | 5,069 | 17,082 |
| | Defense Of ICAN ACT | 10,000 | 2,500 |
| | Tuition House Expenditure | - | 75 |
| | ICAN university | 2,132 | 10,128 |
| | IT conference | - | 320 |
| | Obsolate stock | 240 | 18,611 |
| | Benevolent Expenses | 614 | 128,250 |
| | | 950,005 | 947,125 |
| 10 | **Personnel cost** | | |
| | Basic salary | 433,809 | 455,224 |
| | Defined contribution costs | 68,108 | 73,853 |
| | Other allowances and related costs | 569,280 | 641,758 |
| | | 1,071,196 | 1,170,835 |

| | | | |
|---|---|---|---|
| 11a | **Other operational expenditure** | | |
| | Contribution to students special project (SSP) | 17,574 | 10,576 |
| | Institute members' welfare scheme | 138,443 | 69,839 |
| | Professional charges | 22,175 | 30,127 |
| | Accreditation and visitation expenses | 15,210 | 6,591 |
| | Catch Them Young awareness programme | 20,082 | 5,877 |
| | Scholarship Scheme | 23,664 | 20,060 |
| | Education and training expenses | 30,230 | 5,477 |
| | The Nigerian Accountant journal | 1,617 | 2,888 |
| | Research grants and expenses | 44,105 | 44,091 |
| | Subscription to professional bodies | 4,351 | 4,020 |
| | Research journal | 1,609 | 1,476 |
| | ICAN students' journal | 289 | 643 |
| | Syllabus review | 24,734 | 10,480 |
| | Prizes-Students | 3,396 | - |
| | PPMC Monitoring Activites | 3,213 | 356 |
| | ICAN Golf Tournament | 2,399 | - |
| | | 353,091 | 212,499 |
| 11b | **Impairment charges** | | |
| | Impairment (reversal) on other receivables (Note 18.3) | (73,657) | (6,170) |
| | | | - |
| | Impairment charge/(reversal) on members subscription receivables (Note 29) | 59,913 | 168,370 |
| | | (13,744) | 162,200 |
| 12 | **Activities result** | | |
| | The activities result includes the following: | | |
| a. | **Salaries and related costs** | | |
| | The costs of employing staff during the year were as follows: | | |
| | Staff costs | 433,809 | 455,224 |
| | Defined contribution costs | 68,108 | 73,853 |
| | Other allowances | 569,280 | 641,758 |
| | | 1,071,197 | 1,170,835 |
| b. | **Depreciation and amortisation** | | |
| | Depreciation of property, plant and equipment | 211,287 | 212,055 |
| | Amortisation of intangible asset | - | - |
| | | 211,287 | 212,055 |
| c. | **Auditors' remuneration** | | |
| | Fee payable to joint auditors | 13,000 | 13,000 |

13 **Property, plant and equipment**

| | Land | Buildings | Motor vehicles | Plant and machinery | Furniture and equipment | Library books | Lecture theatres | Work-In-Progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Cost** | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| **Balance at 1 January 2020** | 26,203 | 753,560 | 475,488 | 147,877 | 667,817 | 57,491 | 364,605 | 66,157 | 2,559,198 |
| Additions | - | - | 60,175 | 30,429 | 10,945 | 65 | - | 124,920 | 226,534 |
| Disposals | - | - | (17,629) | (8,954) | (3,118) | - | - | - | (29,701) |
| **Balance at 31 December 2020** | 26,203 | 753,560 | 518,034 | 169,352 | 675,644 | 57,556 | 364,605 | 191,077 | 2,756,031 |
| | | | | | | | | | |
| **Balance at 1 January 2021** | 26,203 | 753,560 | 518,034 | 169,352 | 675,644 | 57,556 | 364,605 | 191,077 | 2,756,031 |
| Additions | 235,000 | 53,742 | 37,624 | 9,825 | 44,089 | 431 | - | 318,237 | 698,948 |
| *Other adjustment | - | - | (18,426) | - | - | - | - | - | (18,426) |
| **Balance at 31 December 2021** | 261,203 | 807,302 | 537,232 | 179,177 | 719,733 | 57,987 | 364,605 | 509,314 | 3,436,553 |
| | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| **Balance at 1 January 2020** | - | 197,317 | 321,212 | 80,076 | 541,994 | 48,654 | 315,531 | - | 1,504,784 |
| Depreciation charge for the year | - | 13,555 | 91,416 | 22,670 | 55,481 | 4,825 | 24,108 | - | 212,055 |
| Disposals | - | - | (17,629) | (8,954) | (3,118) | - | - | - | (29,701) |
| **Balance at 31 December 2020** | - | 210,872 | 394,999 | 93,792 | 594,357 | 53,479 | 339,639 | - | 1,687,138 |
| | | | | | | | | | |
| **Balance at 1 January 2021** | | | | | | | | | |
| Depreciation charge for the year | - | 13,525 | 71,163 | 43,089 | 56,366 | 3,036 | 24,108 | - | 211,287 |
| *Other adjustment | - | - | (18,426) | - | - | - | - | - | (18,426) |
| **Balance at 31 December 2021** | - | 224,397 | 447,736 | 136,881 | 650,723 | 56,515 | 363,747 | - | 1,879,999 |
| | | | | | | | | | |
| **Net carrying amount** | | | | | | | | | |
| **Balance at 31 December 2020** | 26,203 | 542,688 | 123,035 | 75,560 | 81,287 | 4,077 | 24,966 | 191,077 | 1,068,893 |
| **Balance at 31 December 2021** | 261,203 | 582,905 | 89,496 | 42,296 | 69,010 | 1,472 | 858 | 509,314 | 1,556,554 |

***Other adjustment relates to correction of prior year overstatement of cost and accumlated depreciation of Motor vehicles. This has a nil impact on the Net Book Value of the asset.**

| | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| 14 | **Investment property** | | |
| | Akintola Williams building, Abuja | 871,000 | 871,000 |
| | Awuwo-Odofin building, Lagos | 844,000 | 844,000 |
| | | 1,715,000 | 1,715,000 |
| 14b | **Gain on fair valuation of investment property** | | |
| | Balance at 1 January 2020 | 1,715,000 | 1,715,000 |
| | Balance at 31 December 2020 | 1,715,000 | 1,715,000 |

The investment valuation was carried out by Ubosi Eleh + Co. is a firm of Estate Surveyors & Valuers registered in Nigeria in accordance with the rules and regulations of the Nigerian Institution of Estate Surveyors and Valuers (NIESV)

Investment properties are valued every three years in accordance with the Institute's policy. The Abuja property is managed by Jide Taiwo & Co. The property was last

valued in the year 2019. Income generated from both property in 2020 was N4.67m (2019: N51m).The Institute is only occupying about 10% of the property.

| | | 2021 | 2020 |
|---|---|---|---|
| 15 | **Financial assets FVOCI** | | |
| | *Quoted investments:* | | |
| | **At 1 January 2021** | 43,366 | 45,042 |
| | Additions | 66,554 | - |
| | Disposal | (68,168) | (1,618) |
| | Loss on disposal | (13,747) | |
| | Loss charged to other comprehensive income | (6,447) | (58) |
| | **At 31 December 2021** | 21,557 | 43,366 |
| | Historical cost of tradable investments | 65,344 | 66,958 |

Financial assets FVOCI (previously called Available-for-sales investment) are fair valued annually at the close of business on the date of the financial position. Wherever possible, fair value is determined by reference to stock exchange quoted bid prices. Financial assets FVOCI are classified as non-current assets unless they are expected to be realised within twelve months of the balance sheet date.

Financial assets FVOCI are denominated in Naira. The Institute monitors its exposures by way of regular reports from the Fund managers who have discretionary management of the investment portfolio. None of these financial assets are impaired.

| | | 2021 | 2020 |
|---|---|---|---|
| 16(a) | **Financial assets at amortised cost** | | |
| | Staff loans | 26,709 | 34,493 |
| | Staff advances | 8,343 | 491 |
| | | 35,052 | 34,984 |
| 16(b) | **Financial assets at amortised cost** | N'000 | N'000 |
| | Non Current | 21,937 | 13,115 |
| | Current | 13,115 | 21,869 |
| | | 35,052 | 34,984 |

The non-current financial assets at amortised cost (formerly called loan and receivables) represents the long term portion of the car loans granted to staff.

| | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| 17 | **Inventories** | | |
| | Stationery | 5,125 | 13,537 |
| | Electrical parts | 528 | 280 |
| | Diesel | 2,959 | 2,876 |
| | Students' study text | 100,732 | 154,043 |
| | Others sellable items | 32,117 | 19,246 |
| | Annual Accountants conterence materials | 46,624 | - |
| | | 188,085 | 189,982 |

| | | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| 18 | **Other receivables** | | |
| | Bayelsa ICAN Students' Special Project (SSP) | - | 12,218 |
| | NNDC/ICAN Students' Special Project (SSP) | 27,450 | 63,998 |
| | Cross River/ICAN Students' Special Project (SSP) | 6,310 | 6,695 |
| | Gombe State/ICAN Students' Special Project (SSP) | - | 35,674 |
| | Warri District Office | - | 10,414 |
| | AAT Receivables | 16,770 | - |
| | MCPE recievables | 7,800 | 6,515 |
| | Federal Treasury Academy | - | 10,255 |
| | Heritage Capital | - | 4,281 |
| | University of Lagos-endowment fund | 23,834 | 22,072 |
| | Other debtors (Heritage Capitals) | - | 6,060 |
| | Owerri district society | - | 840 |
| | Minna district society | - | 1,000 |
| | Ilorin district society | - | 3,066 |
| | Insurance receivable | 11,848 | - |
| | Impairment allowance for doubtful receivables | (4,389) | (78,046) |
| | | 89,624 | 105,042 |

**18(a) Other receivables**

| | | |
|---|---|---|
| Other receivables | 94,013 | 183,088 |
| Impairment on other receivables | (4,389) | (78,046) |
| Net other receivables | 89,624 | 105,042 |

**18(b) Reconciliation of Other receivables**

| | 2020 N'000 | 2019 N'000 |
|---|---|---|
| At 1 January | 183,088 | 161,225 |
| Additions during the year | 38,673 | 23,079 |
| Receipts for the year | (127,748) | (1,216) |
| Gross carrying amount | 94,013 | 183,088 |
| Less impairment provision | (4,389) | (78,046) |
| **At 31 December** | 89,624 | 105,042 |

**18(c) Reconciliation of impairment allowance on other receivables**

| | | |
|---|---|---|
| Loss allowance as at 1 January | 78,046 | 84,216 |
| Reversal in expected credit loss | (73,657) | (6,170) |
| **Loss allowance as at 31 December** | 4,389 | 78,046 |

There was a reversal of impairment of N73.6 million (2020: N6.17 million), which is because the institute made more collections than they expected to recover during the year.

**19 Prepayment**

| | | |
|---|---|---|
| Group life insurance - ICAN members | 34,126 | 21,322 |
| Group life insurance - ICAN staff & council | 15,201 | 16,495 |
| Motor vehicle, fire and burglary insurance | 4,059 | 4,415 |
| Annual Accountants' conference - Hall | - | 12,420 |
| Annual Dinner/Investiture - Hall | - | 4,500 |
| Rm Assessor(PROFESSIONAL/ATSWA) | - | 57,542 |
| Supply of Bags for the 50th Golden AAC | - | 165,763 |
| PAFA (USD 15000*415) | 6,225 | - |
| Supplier Advance | 4 | 14,620 |
| Reliance HMO | 5,519 | - |
| | 65,134 | 297,076 |

**20 Deferred expenses**

| | | |
|---|---|---|
| At 1 January | 3411 | 3411 |
| Charge for the year | - | - |
| **At 31 December** | 3411 | 3411 |

Deferred expenses represent unamortised balance at the reporting date of the difference between the initial amount disbursed and fair value of car loans to staff.

**21 Cash and cash equivalents**

| | | |
|---|---|---|
| Treasury bills | 1,163,703 | 523,564 |
| Dedicated funds - Bank deposit | 140,145 | 138,493 |
| Other short term bank deposit | 817,830 | 555,241 |
| Cash at bank and in hand | 1,706 | 2,830 |
| | 2,123,384 | 1,220,128 |

The effective interest rate on short term bank deposits was 2021: 2.7% (2020: 2.7%)

**22 Employees**

The average number of persons employed by the Institute during the period was as follows:

| | 31 December 2021 Number | 31 December 2020 Number |
|---|---|---|
| Senior managers and directors | 38 | 43 |
| Managers and junior staff | 147 | 158 |
| | 185 | 201 |

| **Staff cost** | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|
| Wages and salaries | 1,003,089 | 1,096,982 |
| Pension costs | 68,108 | 73,853 |
| | 1,071,197 | 1,170,835 |

**Remuneration of key management personnel (KMP)**
The Registrar/Chief Executive is the key management personnel (KMP) of the Institute. He has responsibility for implementing Council's policies and drives the secretariat in promoting the ICAN brand. The KMP has no business relationship with the Institute. The remuneration of the key management personnel of the Institute is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

**Registrar/Chief Executive:**

| | | |
|---|---|---|
| Short-term employee benefits | 22,340 | 22,340 |
| | 22,340 | 22,340 |

The number of employees of the Institute whose total earnings were more than N300,000 in the year was;

| | | | Number | Number |
|---|---|---|---|---|
| N300,000 | To | N900,000 | 11 | 12 |
| N 900,001 | To | N1,000,000 | 3 | 6 |
| N 1,000,001 | To | N1,100,000 | - | - |
| N 1,100,001 | To | N1,200,000 | 8 | 4 |
| N 1,200,001 | To | N1,400,000 | 7 | 8 |
| N 1,400,001 | To | N1,600,000 | - | 5 |
| N 1,600,001 | To | N2,000,000 | 13 | 14 |
| N 2,000,001 | To | N2,100,000 | 10 | 3 |
| N 2,100,001 | To | N2,200,000 | 1 | 2 |
| N 2,200,001 | To | N2,500,000 | 9 | 12 |
| N 2,500,001 | To | N2,600,000 | 3 | 5 |
| N 2,700,001 | To | N2,800,000 | 5 | 8 |
| N 2,800,001 | To | N2,900,000 | 3 | 5 |
| N 2,900,001 | To | N4,000,000 | 33 | 26 |
| N 4,000,001 | To | N4,600,000 | 15 | 42 |
| N 4,600,001 | To | N5,200,000 | 27 | - |
| N 5,200,001 | To | N6,100,000 | 16 | 27 |
| N 6,000,001 | To | N6,400,000 | 2 | 3 |
| N 6,400,001 | To | N7,300,000 | 8 | 5 |
| N 7,300,001 | To | N7,800,000 | 2 | 2 |
| N 7,800,001 | To | N8,100,000 | - | 2 |
| N 8.100,001 | To | N8,300,000 | - | - |
| N8,300,001 | To | N9,400,000 | - | - |
| N 9,400,001 | To | N9,500,000 | - | 1 |
| N 9,500,001 | To | N10,100,000 | 1 | - |
| N 10,600,001 | To | N10,700,000 | 1 | 1 |
| N 10,900,001 | To | N11,600,000 | 2 | 1 |
| N 11,600,001 | To | N12,900,000 | 3 | 2 |
| N 12,900,001 and above | | | 2 | 5 |
| | | | 185 | 201 |

| | | 31 December 2020 N'000 | 31 December 2019 N'000 |
|---|---|---|---|
| **23** | **Accounts payables** | | |
| | Sundry payables | 249,297 | 103,885 |
| | AAT account balance | - | 10,290 |
| | Accrued expenses | 74,406 | 222,370 |
| | | 323,703 | 336,546 |
| **23(a)** | Sundry payables | | |
| | ICAN staff pension fund | 5,687 | 10,015 |
| | Withholding tax (FIRS)/LIRS | 48,579 | 33,900 |
| | Board of Internal Revenue/NASU | 1,576 | 1,228 |
| | National Housing Fund | 11,649 | 7,126 |
| | Akwa Ibom State Government | 12,803 | 7,935 |
| | Offa District Society | - | 9,085 |
| | Umuahia District Society | - | 7,115 |
| | Advance Interest | 14,292 | 3,609 |
| | Payable to districts | - | 1,925 |
| | Others | 154,710 | 21,947 |
| | | 249,297 | 103,885 |
| **23(b)** | Accrued expenses | | |
| | AAT outstanding bills | - | 10,290 |
| | Examination processes | - | 5,580 |
| | Audit fees | 13,000 | 13,000 |
| | Advance Rent | 613 | 1,787 |
| | Insurance claims | - | 4,143 |
| | AFN | - | (4,075) |
| | Advance Insurance Commission | 2,313 | 1,411 |
| | Sylabus Review | - | 599 |
| | Transfer to Benevolent | - | 21,883 |
| | District Office | - | 42,758 |
| | ITF | 10,712 | 25,419 |
| | Insurance Premium | - | 7,460 |
| | Staff IOU Payable | 4,804 | 5,353 |
| | Staff promotion arrears | 13,355 | 21,752 |
| | Schorlarship | - | 10,560 |
| | ICAN Benevolent Subvention | 29,609 | - |
| | Un-Earned Income | - | 46,248 |
| | Exit package | - | 18,491 |
| | | 74,406 | 232,660 |
| **24** | Contract liabilities | | |
| | Subscription income | 41,226 | 41,228 |
| | | 41,226 | 41,228 |

Contract liabilities relates to subscriptions in advance received from members.

| | | | |
|---|---|---|---|
| 25 | Funds | | |
| a | Accumulated fund | 3,136,127 | 2,111,341 |
| b | **Other charitable and trust funds:** | | |
| | Development fund | 1,463,316 | 1,463,316 |
| | Accountancy research fund | 145,469 | 145,469 |
| | Benevolent fund | 276,936 | 251,634 |
| | Prizes fund | 28,604 | 32,000 |
| | Student development and support fund | 23,092 | (19,630) |
| | Study text revolving fund | 530,339 | 360,725 |
| | Library fund | 9,643 | 9,643 |
| | Tuition house support fund | 50,000 | 50,000 |
| | Whistleblower fund | 50,000 | 50,000 |
| | | 2,577,399 | 2,343,157 |

**26 The analysis of funds and other reserves**

**(a) Library Fund**

The contribution to Library fund is to obtain all the resources needed for the use of the Institute's members. This is in line with the Council belief of the need to provide a befitting library facility to help students and members turn information into knowledge. This fund helps fill the gap by providing high quality library facility, necessary materials and equipment. 3% of the Institute's annual gross income is to be transferred to library development. No transfer were made in 2021 (2020: Nil).

**(b) Benevolent Fund**

The ICAN members' Benevolent and Educational Trust Fund was established by Council of the Institute of Chartered Accountants of Nigeria to assist persons in need who are or have been ICAN members and/or their families and dependants. It is also aimed at promoting and supporting educational/research in accountancy, financial Management, taxation and related subjects. The fund is managed by a five man Board of trustees. The major activities of the management board are fund raising and management of investments. 3% of the Annual Accountants' Conference gross income is credited to the fund annually. The fund generated are invested and it is the income from the investments that are disbursed to members in need and families that are distraught. Since inception, the Fund has been used to assist members and families of dead members. This include members who had renal (kidney) failure, blindness, stroke, spinal cord injuries, disaster (fire/flood/accident) victims, children's education etc. The minimum amount of benefit to applicants is Fifty thousand Naira (N50,000) only; while the maximum shall be a sum of Five Hundred Thousand Naira N500,000) only.

**(c) Accountancy Research Fund**

Transfers to this fund is based on Council's resolutions. The fund is made available to meet expenditure on research on specialised areas of accountancy. The Fund is invested in fixed deposit and any interest accrued there from is credited to the Fund.

**(d) Professorial Chair Endowment**

Transfers to this fund is based on Council's resolutions . The fund is made available to meet expenditure on professorial chair endowment in selected universities. The fund is invested in fixed deposit and any interest accrued there from is credited to the fund.

**(e) Developmental Fund**

Transfers to this fund is based on council's resolutions. The fund is made available to meet expenditure on the Institute's infrastructural development. The fund is invested in fixed deposit and any interest accrued therefrom is credited to the Fund.

**(f) Prizes Fund**

This is funded by donors of each prize. The Fund is made available to meet expenditure on the award of prizes to deserving outstanding students in the Institute's examinations. The Fund is invested in fixed deposit and any interest accrued there from is credited to the Fund.

**(g) Study Text Revolving Fund**

This is to be funded by a portion of the amount realised from the sale of study text to students. The fund is available to meet expenditure on development, printing and distribution of study text to student. The fund is invested in fixed deposit and any interest accrued therefrom is credited to the Fund.

**(h) Students Development and Support Fund**

This is to be funded by surplus realised from the sale of study text and is to be applied to the development and support of students writing the Institute's examination.

**FVOCI reserves**

FVOCI reserves represents the excess of unrealised gains and losses on financial assets fair valued through other comprehensive income over their historic costs.

**(j) Accumulated Fund**

The accumulated fund represent the excess of income over expenditure which have been accumulated over the years.

**27 Related party transactions**

Council members as office bearers

Eyitayo Comfort Olujumoke (Mrs)( President)
Tijjani Musa Isa(Mallam) ( Vice President)
Innocent Okwuosa (Dr.) (1st Deputy Vice President)
Haruna Nma Yahaya Mallam (2nd Deputy Vice President)
Adewuyi Onome joy (Dame)(Immediate Past President)
Oluwatobi Ayodele Abiola (Honorary Treasurer)

Other Council members

Davidson Chizuoke Stephen ALARIBE (Chief),
Deji AWOBOTU (Hon.Dr), Oluwole Seun ODERINDE,
Titilayo Ariyike Nurat AKIBAYO (Alhaja)
Olakisan, Jamiu Adeyemi, Abubakar Adamu (Air Vice Marshal)
Ngozi Monica OKONKWO (Lady), Tajudeen Olawale OLAYINKA, Etofolam Felix OSUJI (Dr.),
Ekhoragbon Ghadaffi Peter, Oye Akinsulire (Chief)
Hilda Ofure OZOH (Mrs.), Chibuzor Noel Anyanechi,
Queensley Sofuratu SEGHOSIME (Alhaja),Egbo Sunday Jude,
Disu, Samson Adewale, Ezekiel Anagha (Chief), Mathias Dafur, Michael Foluso Daudu, Sylvester Nwanna, Nasiru Mohammed, Oladele Nuraini Oladipo, Njum Nnennaya Umas-Onyemenam

Non Council members

Prof, Ahmed Kumshe (Registrar/Chief Executive), Mukaila A. Lawal (Deputy Registrar, Corporate Services) and Dr. Ogochukwu Ijeoma Anaso (Deputy Registrar, Technical Services).

No member of the Council receives payment in respect of services to ICAN. In line with Council travel and expenses policy, Council members are reimbursed for any expenses which they directly incur on behalf of the Institute as part of their role as a Council member. No loan is granted to related parties.

**28 Cash flow statement**

| | Note | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|---|
| a. Cash generated from activities: | | | |
| Surplus for the year | | 1,259,028 | 172,406 |
| Adjustments for: | | | |
| Interest received | 6c | (50,081) | (42,889) |
| Movement in accumulated fund | | (234,241) | (199,354) |
| Exchange gain | | (493) | - |
| Depreciation on property, plant and equipment | 13 | 211,287 | 212,005 |
| Loss on disposal of shares investment | | 13,747 | - |
| Profit on disposal of property, plant and equipment | | - | 5,033 |
| Changes in working capital (excluding the effects of exchange differences): | | | |
| Decrease in inventory | | 1,897 | 109,401 |
| (Increase)/Decrease in loans and receivables | | (68) | 8,231 |
| Decrease/(Increase) in prepayments | | 231,942 | (221,779) |
| Decrease/(Increase) in other receivables | | 15,419 | (28,034) |
| Decrease in contract assets | | - | - |
| Decrease in trade and other payables | | (12,844) | (13,167) |
| Increase in contract liabilities | | 2 | 11 |
| Increase in members subscription receivable | | (119,819) | (83,666) |
| Cash used in operating activities | | 1,315,775 | (81,752) |
| b. Cash from funding activities: | | | |
| Decrease in prizes fund | | (3,396) | 23,773 |
| Increase in benevolent fund | | 25,302 | - |
| Decrease in library fund | | - | - |
| Increase/(Decrease) in study text revolving fund | | 169,614 | 128,282 |
| Decrease in student development and support fund | | 42,721 | 47,299 |
| Decrease in development fund | | - | - |
| Decrease in tuition house support fund | | - | - |
| Increase in whistleblower fund | | - | - |
| | | 234,241 | 199,354 |

**29 Members' subscription receivables**

| | 31 December 2021 N'000 | 31 December 2020 N'000 |
|---|---|---|
| Subscription receivables | 741,526 | 561,794 |
| Allowance for credit loss | (468,466) | (408,553) |
| Net receivables | 273,060 | 153,241 |

**29(b) Reconciliation of members' subscription receivables**

| | 2021 N'000 | 2020 N'000 |
|---|---|---|
| At 1 January | 561,794 | 309,758 |
| Additions during the year | 731,370 | 681,360 |
| Receipts for the year | (551,638) | (429,324) |
| | 741,526 | 561,794 |
| Write off receivables | - | - |
| Gross carrying amount | 741,526 | 561,794 |
| Less impairment provision | (468,466) | (408,553) |
| **At 31 December** | 273,060 | 153,241 |

**29(c) Reconciliation of impairment allowance on members' subscription receivables**

| | 2021 N'000 | 2020 N'000 |
|---|---|---|
| Loss allowance as at 1 January | 408,553 | 240,183 |
| **Movements during the year:** | | |
| Increase in impairment loss | - | - |
| Increase in expected credit loss on trade receivables | 59,913 | 168,370 |
| Write off of receivables* | - | - |
| Total impairment charge into P/L during the year | 59,913 | 168,370 |
| **Loss allowance as at 31 December** | 468,466 | 408,553 |

The increase in impairment of N90.4 million is due to the increase in the gross carrying amount of the membership subscription receivables in the current year compared to the prior year.

**30 Contingent liabilities and commitments**

There were no contingent liabilities or capital commitments as at the reporting date (2021: Nil).

*Statement of value added*

| | 31 December 2021 N '000 | % | 31 December 2020 N '000 | % |
|---|---|---|---|---|
| Income | 5,921,694 | | 3,761,215 | |
| Other income | 148,490 | | 136,926 | |
| | 6,070,184 | | 3,898,141 | |
| Purchase of services-Local | (3,535,121) | | (2,342,903) | |
| **Value added** | 2,535,064 | 100 | 1,555,238 | 100 |
| **DISTRIBUTION:** | | | | |
| **To pay employees** | | | | |
| Salaries and benefits | 1,071,196 | 42 | 1,170,835 | 75 |
| **To provide for enhancement of assets and growth** | | | | |
| Depreciation of property, plant and equipment | 211,287 | 8 | 212,055 | 14 |
| Surplus for the year | 1,252,581 | 49 | 172,348 | 11 |
| **Value added** | 2,535,064 | 100 | 1,555,238 | 100 |

This statement represents the distribution of the wealth created through the use of the Institute's assets by its own and employees' efforts.

# The Institute of Chartered Accountants of Nigeria
## Annual Report and Financial Statements
## For the year ended 31st December 2021
### *Five year financial summary*

| | 31 December 2021 N'000 | 31 December 2020 N'000 | 31 December 2019 N'000 | 31 December 2018 N'000 | 31 December 2017 N'000 |
|---|---|---|---|---|---|
| **ASSETS EMPLOYED** | | | | | |
| Property, plant and equipment | 1,556,554 | 1,068,889 | 1,054,414 | 1,032,621 | 937,778 |
| Intangible assets | - | - | - | 12,374 | 24,744 |
| Investment property | 1,715,000 | 1,715,000 | 1,715,000 | 1,638,000 | 1,638,000 |
| Financial assets FVOCI | 21,557 | 43,366 | 45,042 | 59,274 | 138,757 |
| Loans and receivables | 21,937 | 13,115 | 5,571 | 18,575 | 16,793 |
| Net current assets | 2,432,110 | 1,654,204 | 1,502,210 | 569,663 | 762,210 |
| | **5,747,158** | **4,494,574** | **4,322,237** | **3,330,507** | **3,518,282** |
| **FINANCED BY** | | | | | |
| Non-current liabilities | 41,226 | 41,224 | 41,235 | 19,034 | 11,416 |
| Funds and reserve | 5,705,932 | 4,453,350 | 4,281,002 | 3,311,473 | 3,506,866 |
| | **5,747,158** | **4,494,574** | **4,322,237** | **3,330,507** | **3,518,282** |
| **COMPREHENSIVE INCOME** | | | | | |
| Income | 5,921,694 | 3,761,215 | 5,511,390 | 4,837,491 | 4,225,983 |
| Surplus of income over expenditure | 3,849,279 | 2,838,260 | 3,328,655 | 2,664,135 | 2,459,205 |
| Surplus/(Deficit) for the year | 1,259,028 | 172,406 | 977,358 | (176,179) | 184,921 |
| **Gain/(loss) in fair value of available-for-sale investments** | - | - | - | - | 66,880 |
| Items that will not be reclassified to profit or loss: | | | | | |
| Loss in financial assets fair valued through other comprehensive income | (6,447) | (58) | (7,827) | (49,348) | - |
| **Total comprehensive income/(loss) for the year** | 1,252,581 | 172,348 | 969,531 | (225,527) | 184,921 |