

NIGERIAN RED CROSS SOCIETY

ANNUAL REPORT AND AUDITED FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

**NIGERIAN RED CROSS SOCIETY
AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**NIGERIAN RED CROSS SOCIETY
AUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

MEMBERS OF THE GOVERNING BOARD	Prince Oluyemisi Adeaga [1]	National President
	Abubakar Ahmed Kende	Secretary General
	Mr. Ogidi-Gbebaje Edwin [2]	National Finance and Property Management Adviser
	Elder (chief) Bolaji Akpan Anani [3]	National President

[1] Exited as National Finance and Property Management Adviser and elected as National President on 7th January 2023

[2] Elected on 7th January 2023

[3] Exited on 7th January 2023

REGISTERED OFFICE	Plot 589 TOS Benson Crescent, Off Ngozi Okonjo Iweala Way Utako, Abuja.
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AUDITORS	Ernst & Young 10th & 13th Floors, UBA House 57 Marina Lagos
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BANKERS	Access Bank FCMB GT Bank Polaris Bank Zenith Bank UBA
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LEGAL ADVISER	Barrister Mua'zu Mohammed Dikwa
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**NIGERIAN RED CROSS SOCIETY
REPORT OF THE GOVERNING BOARD
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Governing Board Members have the pleasure of submitting to the Central Council Members, the Society's 2022 Annual Report together with the audited financial statements for the year ended 31 December 2022.

Principal Activities

The Nigerian Red Cross, as an integral part of the International Red Cross and Red Crescent Movement, is dedicated to preventing and alleviating human suffering. Our principal activities include disaster relief, health and care in the community, and the promotion of humanitarian values. We focus on providing timely aid and humanitarian assistance, supporting health and sanitation initiatives, and enhancing community resilience to crises.

State of Affairs

In the opinion of the Governing Board Members, the state of the Society's Affairs is satisfactory and there has been no material changes since the date of the statement of financial position.

Result for the year

	2022 N'000	2021 N'000
Total Income	2,913,968	1,627,241
Total Expenditure	(2,592,034)	(1,669,333)
Surplus/(Deficit) for the year	321,934	(42,092)

Governing Board

The names of the Governing Board members at the date of this report and those who held office during the year were as follows:

1. Bolaji A. Anani (Elder / Chief) [3]	National President
2. Hon. Zubair M. Umar	National Vice President
3. Mu'azu Mohammed Dikwa (Esq)	National Legal Adviser
4. Prince Adeaga O. A. [1]	National Fin. & Property Mgt. Adviser
5. Dr. Adamu Babale	National Disaster Management Adviser
6. Hon. Akin Aibinuomo	National Capacity Development Adviser
7. Collins Ezewu (JP)	National Resources Mobilization Adviser
8. Chief Emmanuel Nworie	National Branch Development Adviser
9. Hajia Ummu M. Mustapha	National Programme Planning Adviser
10. Mrs. Amadu O. Omotayo	National Youth, Gender & Volunteer Dev. Adviser
11. Mr. Usman Masara Kim	National Communication & Advocacy Adviser
12. Dr. Alozie Ahamefula Uzoma	National Health & Care Adviser
13. Abubakar Ahmed Kende	Secretary General
14. Hon. Justice Sulaiman Galadima (JSC Rtd)	Risk and Audit Committee (RAC)
15. Ameen B. Abdul	National Youth Coordinator
16. Salisu Idris Sallama	North West Zonal Chairman
17. Dr. Tunde Ajayi	South West Zonal Chairman
18. Mrs. Nafisat Bala	North East Zonal Chairman
19. Prince Keke Chima	South East Zonal Chairman
20. Mr. Victor Achegbulu	North Central Zonal Chairman
21. Mr. Festus Alenkhe	South South Zonal Chairman
22. Mr. Ogidi-Gbeba Edwin [2]	National Fin. & Property Mgt. Adviser

Governing Board Election/Appointment/Nomination

Governing Board membership is based on the Election of National Officers, Zonal Branch Chairmen, Chairman Risk and Audit Committee, One Youth Representative, One Female Representative and the Secretary General.

**NIGERIAN RED CROSS SOCIETY
REPORT OF THE GOVERNING BOARD
FOR THE YEAR ENDED 31 DECEMBER 2022**

Governing Board

The supreme governing body of the Society is the Governing Board. It shall be composed of all National Officers, 3 Members from each Branch, 6 Youth Representatives, 6 Female Representatives, Members of the Risk and Audit Committee (RAC), Secretary General, Life Members and Coopted observers. When the Central Council is not in session, its functions shall be carried out by Governing Board (hereinafter "the Board"). The Governing Board shall have and exercise all the powers delegated to it by the Central Council, except the power of amending the Statutes.

Governing Board Meetings

The Governing Board meetings are held quarterly, chaired by the National President and documented by the Secretary General who also ensures that all minutes of meetings are made available to the Governing Board before the next meeting.

Employment of Physically Challenged Persons

The Nigerian Red Cross Society is an equal opportunity employer. In the event of any employee becoming physically challenged in the course of employment, where possible, the Society can arrange appropriate training to ensure continuous employment of such a person. In the year under review, there was no one with physical challenges in the employment of the Society.

Employees/Volunteers Engagement and Training

Management, professional with technical expertise and trained Volunteers are the Society's major assets and investment in the developing such skills continues so adequate support is given to any staff/volunteer that embarks on any self-development program or volunteer capacity building.

Health, Safety and Welfare

The Society places a high premium on the health, safety and welfare of its employees/volunteers in their place of work or during field operation. Health and safety precautions are in force at the business premises and management takes interest in the welfare and duty of care of its employees and volunteers.

Event after Reporting Date

The Governing Board is not aware of any other matters or circumstances arising since the end of the reporting date, not otherwise dealt with in the annual financial statements which will significantly affect the financial position of the Society or the results of its operation.

Auditors

Ernst & Young was appointed as new auditors and have indicated their willingness to continue in office as the Society's auditors.

**BY ORDER OF THE GOVERNING BOARD
SECRETARY GENERAL**

15 November 2024 

NIGERIAN RED CROSS SOCIETY

**STATEMENT OF GOVERNING BOARD RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

In accordance with the provisions of the Nigerian Red Cross Act, 1960 the Governing Board is responsible for the preparation of financial statements which give a true and fair view of the state of financial affairs of the Society at the end of the year and its statement of activities in accordance with International Financial Reporting Standards (IFRS) and Financial Reporting Council of Nigeria (FRCN) Act, No. 6, 2011.

The responsibilities include ensuring that:

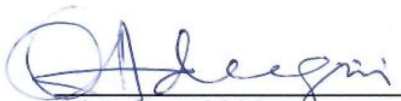
- i. the Society keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Society and comply with the requirements of the Nigerian Red Cross Act, 1960;
- ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- iii. the Society prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Governing Board accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in accordance with International Financial Reporting Standard (IFRS) and the Financial Reporting Council of Nigeria (FRCN) Act No. 6, 2011.

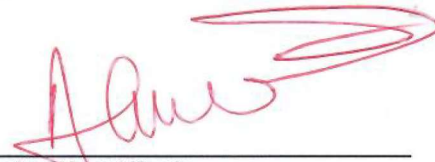
The Governing Board Council further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Governing Board on 15 November 2024 by:



Prince Olujemisi Adeaga
National President



Abubakar Ahmed Kende
Secretary General

Independent Auditor's Report

To the Members of Nigerian Red Cross Society

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nigerian Red Cross Society ("the Society"), which comprise the statement of financial position as at 31 December 2022, and the statement of activities, statement of changes in net assets, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Nigerian Red Cross Society as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Nigerian Red Cross Act, 1960 of their establishment and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Nigerian Red Cross Society for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 September 2022.

Other Information

The Management is responsible for the other information. The other information comprises the information included in the document titled 'Nigeria Red Cross Society Annual Report and Financial Statement for the year ended 31 December 2022', which includes the Corporate Information, Central Council Report, Statement of Central Council Responsibilities in Relation to the Preparation of the Financial Statements and Other National Disclosures. The other information does not include the financial statements and our auditor's report thereon.

Independent Auditor's Report
To the Members of Nigerian Red Cross Society

Other Information - continued

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information 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 Management for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Nigerian Red Cross Act, 1960 of their establishment and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report

To the Members of Nigerian Red Cross Society

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society 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 the Management 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.



Kanayo Echina, FCA

FRC/2012/PRO/ICAN/004/000000/00150

For Ernst & Young

Lagos, Nigeria

15 November 2024



NIGERIAN RED CROSS SOCIETY
Statement of Activities
For the year ended 31 December 2022

	Notes	31 December 2022 N'000	31 December 2021 N'000
Restricted Income	4.1	2,791,450	1,489,703
Unrestricted Income	4.2	107,799	48,678
Other income	4.3	14,719	88,860
Total Operating Income		2,913,968	1,627,241
Operating Expenditure			
Humanitarian response			
Direct Cost: Program expenses	5.1	(2,034,232)	(1,280,477)
Other program related expenses- staff support cost	5.2	(419,421)	(299,898)
Administrative expenses	5.3	(138,381)	(88,958)
Total Operating Expenditure		(2,592,034)	(1,669,333)
Net Surplus/(deficit) from Operating activities		321,934	(42,092)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		321,934	(42,092)
Attributable to:			
Restricted fund		273,644	25,627
Unrestricted fund		48,290	(67,719)
		321,934	(42,092)

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

NIGERIAN RED CROSS SOCIETY
Statement of Financial Position
As at 31 December 2022


		31 December 2022 N'000	31 December 2021 N'000
ASSETS			
Non-current Assets	Notes		
Property and Equipment	6	851,127	855,484
		851,127	855,484
Current Assets			
Inventories	7	48,380	54,900
Prepayments	8	6,125	9,500
Receivables and Advances	9	202,035	84,755
Cash and Cash Equivalents	10	512,800	220,376
		769,340	220,376
Total Assets		1,620,467	1,075,860
Accumulated Fund and Liabilities			
Accumulated Fund			
Restricted Fund		779,874	506,230
Unrestricted Fund		(131,499)	(179,789)
Revaluation Reserve & Net Asset		815,273	815,273
Total Accumulated Fund	12	1,463,648	1,141,714
Current liabilities			
Creditors	11	147,819	81,801
Accruals		9,000	1,500
Total Liabilities		156,819	83,301
Total equity and liabilities		1,620,467	1,225,015

The financial statements were approved and authorised for issue by the Governing Board on 15 November 2024.

Signed on behalf of the Governing Board by:



Prince Olujemisi Adeaga
National President



Abubakar Ahmed Kende
Secretary General

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

NIGERIAN RED CROSS SOCIETY
Statement of Changes in Net Assets
For the year ended 31 December 2022

		Restricted Fund	Unrestricted Fund (retained surplus)	Designated (Revaluation Reserves)	Total
	Notes	N'000	N'000	N'000	N'000
Balance at 1 January 2021		479,388	(110,855)	815,273	1,183,805
Net surplus/(deficit) for the year		26,842	(68,934)	-	(42,092)
Balance at 31 December 2021		506,230	(179,789)	815,273	1,141,714
Balance at 1 January 2022		506,230	(179,789)	815,273	1,141,714
Net surplus for the year		273,644	48,290	-	321,934
Balance at 31 December 2022		779,874	(131,499)	815,273	1,463,648

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

NIGERIAN RED CROSS SOCIETY
Statement of Cash flows
For the year ended 31 December 2022

		2022	2021
	Note	N'000	N'000
Cash flows from operating activities			
Net surplus/(deficit) for the year		321,934	(42,092)
Adjustment for non-cash items:			
Depreciation	6	39,894	38,477
Changes in working capital			
Receivables		(117,282)	(44,457)
Prepayments		3,375	-
Inventories		6,520	6,359
Creditors and accruals		73,519	41,770
Net change in working capital		(33,867)	3,672
Net Cash flow from operating activities		327,961	57
Cash flows from investing activities			
Purchase of property and equipment	6	(35,537)	(19,342)
Net cash flow from investing activities		(35,537)	(19,342)
Net Movement in Cash and Cash equivalents		292,424	(19,285)
Cash & Cash equivalent at the beginning of the year		220,376	239,663
Cash & Cash equivalent at the end of the year	10	512,800	220,376

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

**NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 Corporate information

The Nigerian Red Cross Society was established in Nigeria as a humanitarian organization on the 29th of September 1960 through the Nigerian Red Cross Society Act of 1960. This act was passed by the Nigerian Parliament, which formally incorporated the Nigerian Red Cross as a national society. The act recognizes the Nigerian Red Cross Society as a voluntary aid society, auxiliary to the public authorities, and the national society in Nigeria which is affiliated to the International Committee of the Red Cross (ICRC).

The Society operates as a not-for-profit entity committed to providing relief to individuals and communities affected by disasters and conflicts.

Throughout its history, the Nigerian Red Cross Society has engaged in various relief and development programs, catering to the most vulnerable populations across the nation. The Society's efforts are supported by volunteers and donations from individuals, corporate entities, and international partners.

The registered headquarters of the Nigerian Red Cross Society is situated at Red Cross House, Plot 589, T.O.S Benson Crescent, Utako District, Abuja, Nigeria.

The principal activities of the Nigerian Red Cross Society include providing emergency assistance, disaster relief, and education within communities. It also focuses on health and care services, including first aid training, blood donation drives, and health and hygiene promotion. The Society is dedicated to alleviating human suffering and fostering the capacity of communities to respond to emergencies and improve their resilience.

2. 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.

2.1 Basis of preparation

The financial statements of the Society have been prepared in accordance with the 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 have been prepared on a historical cost. The financial statements are presented in Naira and all values rounded to the nearest thousand, except otherwise indicated which is the Society's presentation and functional currency.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

a) Functional currency and translation of foreign currencies

(i) Functional and Presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statement are presented in the Nigerian Naira (NGN), which is the Society's functional currency and presentation currency.

(ii) Transactions and balances in the Society

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with

b) Property and equipment

Property and equipment are stated at cost amounts less accumulated depreciation and accumulated impairment losses (if any). The cost of property and equipment includes expenditure incurred during construction, delivery and modification. Other subsequent expenditure is capitalised only when it meets the recognition criteria. Where a substantial year of time is required to bring the asset to its intended use, attributable qualifying borrowing costs are capitalised and included in the cost of the relevant asset. The costs of day-to-day servicing of property and equipment are recognised in the income statement as incurred.

Depreciation is charged to the profit or loss on straight line basis to write down the cost of each assets to their residual values over the estimated useful lives of the various classes of asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the date that the asset is derecognised.

The estimated useful lives for the assets are as follows:

Nature of PPE	Useful life (Years)	Depreciation rate
Land	Nil	Nil
Buildings	50	2%
Computer hardware/software	3	33%
Furniture, Fixtures and Fittings	10	10%
Motor vehicles	5	20%

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

Property and equipment - Continued

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

Impairment review is carried out when there is an indicator of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Society estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses on non-revalued assets are recognised in the profit or loss as an expense, while reversals of impairment losses are also stated in the profit or loss.

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

c) Taxation

Current income tax

The Nigerian Red Cross Society is recognized as a not-for-profit humanitarian organization and, as such, is exempt from current income tax under the provisions of Section 23 (1) of the Companies Income Tax Act (CITA) and Section 19 (1) of the Personal Income Tax Act (PITA). This exemption applies to all qualifying activities conducted by the Society that are in line with its charitable and humanitarian objectives.

The Society's operations are designed to comply with the conditions of tax exemption as stipulated by the tax legislation in Nigeria. Therefore, no provision for current income tax has been made in the accompanying financial statements, as the Society does not engage in any profit-generating activities that are subject to income tax.

The Society's tax-exempt status is subject to review by the relevant tax authorities to ensure that it continues to meet the conditions for exemption. To date, the Nigerian Red Cross Society has maintained its status and has not been subject to current income tax liabilities.

d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the specific identification method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventory is recognized as an asset in the statement of financial position when it is probable that the future economic benefits associated with the item will flow to the Society and the cost or value can be measured reliably.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

Purchased Inventory:

Purchased inventory is recorded at cost, which includes the purchase price and any other costs directly attributable to bringing the inventory to its present location and condition. Cost is determined using the Weighted Average Cost method.

Donated Inventory:

Donated inventory is recognized at fair value as of the date of donation. Fair value is the price that would be received to sell the goods in an orderly transaction between market participants at the measurement date. The Society assesses the fair value based on the estimated market value of similar items or other valuation techniques as appropriate.

e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in current accounts, deposits held at call with banks and other short-term investments.

For cash flow purposes, cash and cash equivalents include cash in hand, cash in current accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

The Nigerian Red Cross Society's policy discloses the cash and cash equivalent as part of its current assets in the statement of financial position.

f) Employee benefits

The Society operates a defined contribution scheme in line with the Pension Reform Act 2014 as amended. The employees contribute 8% and the Society contributes 10% of basic salary, housing and transport allowances. The Society's contributions are accrued and charged to the profit or loss. The Society has no further payment obligations once the contributions have been paid.

g) Revenue/Income recognition

The Nigerian Red Cross Society is a humanitarian organization dedicated to alleviating human suffering and aiding without discrimination to those in need. The Society's operations are not commercial in nature but are focused on delivering aid and support through various programs and services aligned with its mission.

Revenue Sources:

The Society's primary sources of revenue are derived from:

► **Donations and Grants:** The Society receives donations and grants from individuals, corporations, international bodies, and government agencies. These contributions support the Society's humanitarian programs and may be either restricted for specific purposes or unrestricted.

► **Unrestricted Income:** The Society generates unrestricted income through services such as first aid training, vehicle rentals, and space rentals. These activities are conducted to support the Society's mission and to provide additional resources for its humanitarian efforts.

► **Program Services:** The Society offers a range of services aimed at improving health, providing relief, and supporting communities in times of emergency. These services may include health and wellness programs, disaster response and preparedness initiatives, and community outreach and education.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

Donations and Grants (Restricted Income): Donations and grants that are restricted by the donor or grantor are recognized as revenue when the conditions attached to them are met. Until the conditions are met, such funds are recognized as deferred income and included in the statement of financial position as a liability. When the Society incurs expenses that fulfill the stipulated purpose or conditions of the restricted funds, the corresponding income is recognized in the statement of activities.

Unrestricted Income: Unrestricted income from activities such as first aid training, vehicle rentals, and space rentals is recognized when the service is provided or the rental period has occurred. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value-added taxes.

Gift in kind: In-kind contributions, including donated goods, services, and facilities, are recognized as revenue at their fair value at the date of receipt if they contribute directly to the activities of the Society and if the fair value can be reliably measured. The corresponding asset or expense is recognized in the statement of financial position or statement of activities, respectively.

h) Prepayments

Prepayments are amounts paid in advance for services yet to be rendered by the counterparty. This includes prepaid rent for properties occupied by the Society. If the service is expected to be consumed in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

i) Related party transactions

The Nigerian Red Cross Society determines related party relationships by directing attention to the substance of the relationship and not merely the legal form.

Relationships between the Nigerian Red Cross Society and its related parties shall be disclosed irrespective of whether there have been transactions between them. The Society shall disclose the name of its parent and, if different, the ultimate controlling party.

Where the Society has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include:

- a) the amount of the transactions;
- b) the amount of outstanding balances, including commitments, and:
 - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
 - (ii) details of any guarantees given or received;
- c) provisions for doubtful debts related to the amount of outstanding balances; and
- d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.

For the reporting period ending 31st December 2022, the Society did not enter into any transactions with related parties. There were no reportable related party transactions that would require disclosure under the financial reporting framework.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

2.2.1 Significant accounting judgments estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

i 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 Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of assumption, estimation, uncertainties and critical judgements in applying the accounting policies that have the most significant effect on the amount recognised in the financial statements include the following:

Going concern

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

2.2.2 Standards and interpretations effective for the first time for 31 December 2022 year end

i Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment had no impact on the Society financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

ii Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The new standard had no impact on the Society's financial statements.

iii Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 Property, Plant and Equipment

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

This amendment had no impact on the Society financial statements.

iv IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment had no impact on the Society financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

v IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment had no impact on the Society financial statement.

vi IAS 41 Agriculture - Taxation in fair value

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. This amendment had no impact on the Society financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

2.2.3 Standards and interpretations issued/amended but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Society's financial statements are disclosed below. The Society intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

i IFRS 17 Insurance Contracts and amendments to IFRS 17

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- i) A specific adaptation for contracts with direct participation features (the variable fee approach).
- ii) A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Society's financial statements, as Nigerian Red Cross Society has no insurance contracts applicable to IFRS 17.

ii Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current

This is effective for annual periods beginning on or after 1 January 2024. The amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer settlement must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

When it becomes effective, the amendments will have no impact on the Society's financial statements.

iii Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed

The new standard had no impact on the Society's financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

iv Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Society is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

v Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS

In May 2021, the Board issued amendments to IAS 12 Income Taxes, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognize a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The amendments have no impact on the Society's financial statements.

vi Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

This is effective for annual periods beginning on or after 1 January 2024. The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable.

The amendments will have no impact on the Society's financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

2.2 Summary of significant accounting policies - Continued

vi Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers. The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

The amendments will have no impact on the Society's financial statements.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

3 Financial Risk Management

The Society's risk management policies are established to identify and analyse the risks faced by the Society, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management is carried out by management under policies approved by the Central Council. Management identifies and evaluates the financial risks in co-operation with the Society's operating units. The Governing Board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity. The Society's overall risk management program focuses on the unpredictability of instability in the donor/grant agencies' countries and seeks to minimize potential adverse effects on its financial performance.

3.1 Risk management framework

The Governing Board has overall responsibility and sets rules for the Society's risk management and control systems. They are reviewed regularly to reflect changes in market conditions and the Society's activities. The Council oversees the adequacy and functioning of the entire system of risk management and internal control, assisted by various departments within the Society.

3.2 Credit risk

Credit risk for the Nigerian Red Cross Society pertains to the potential financial loss that the Society may incur if staff or branches fail to fulfill their obligations concerning advances provided to them. These advances are typically utilized for operational purposes, including humanitarian missions, administrative expenses, and other activities aligned with the Society's objectives. To manage this risk, the Society's management is proactively implementing measures to mitigate the heightened exposure. This includes rigorous monitoring and evaluation of advances, ensuring adherence to the Society's financial policies, and enforcing strict accountability standards. Continuous focus is being placed on the management of receivables, particularly concerning staff and branch advances, to ensure that funds are utilized appropriately and reimbursed in a timely manner. By doing so, the Society aims to maintain financial integrity and ensure that resources are available for its primary mission of providing humanitarian aid.

Cash and cash equivalents

The Society limits its exposure to credit risk by depositing available cash balance in banks considered sound and healthy.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2022	2021
	N'000	N'000
Cash and Bank	512,800	220,376
Receivables	202,035	84,755
	<u>714,835</u>	<u>305,130</u>

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

3.3 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

The Society manages its liquidity process by:

- Having the donors commitment and making request for fund on time.
- Additional funds are disbursed by the donors when projects progress or part-completed.
- Daily monitoring of future cash flows to ensure that requirement can be met
- Monitoring statement of financial position liquidity ratios against internal requirements

The Society ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

The Society considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources.

Maturity analysis for payables

As at 31 December 2022	Less than 3 months	3 -12 months	12 - 24 months	Total
	N'000	N'000	N'000	N'000
Creditors	147,819	-	-	147,819
Accruals	9,000			
Total financial liabilities	156,819	-	-	147,819
Cash and Cash Equivalents	512,800	-	-	512,800
Receivables and	202,035	-	-	202,035
Total Financial Asset	714,835	-	-	714,835
Gap	558,016	-	-	567,016
As at 31 December 2021				
Creditors	81,801	-	-	81,801
Accruals	1,500			1,500
Total financial liabilities	83,301	-	-	83,301
Cash and Cash Equivalents	220,376	-	-	220,376
Receivables	84,755	-	-	84,755
Total Financial Asset	305,131	-	-	305,131
Gap	221,830	-	-	221,830

The Society has a positive liquidity gap of N567million (Dec 2021:N221million) as at year end 31 December 2022. Liquidity risk arises because of the possibility that the Society might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and other prices risk will affect the Society's income or the value of its holding of financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

(i) Foreign currency risk

The Nigerian Red Cross Society faces foreign currency risk due to its receipt of donations in various currencies, including USD, Euro, GBP and CHF. The Society recognizes these funds at the official Central Bank of Nigeria (CBN) rate, and the Naira equivalent is received for the funds donated in CHF. To mitigate the potential financial losses arising from fluctuations in exchange rates, the Society has implemented several strategic measures. These include obtaining the necessary regulatory documents that enable the Society to access foreign currencies at official rates, and strategically timing the conversion of foreign currencies into Naira to avoid adverse exchange rate movements. Additionally, the Society does not convert all foreign currency donations into local currency at once, allowing for flexibility in managing exchange rate risks. The primary currencies posing a risk to the Society are the US Dollar, GBP and Euro, given their significant role in international donations. By adopting these measures, the Nigerian Red Cross Society aims to safeguard its financial resources, ensuring that maximum funds are available for its vital humanitarian missions and activities.

31 December 2022	N'000	N'000	N'000	N'000	N'000	N'000
Current Asset	Naira	USD	GBP	EUR	CHF	Total
Cash and bank	508,218	4,358	104	120	-	512,800
Receivables	202,035	-	-	-	-	202,035
Total	710,253	4,358	104	120	-	714,835
Current Liabilities						
Creditors	70,425	-	-	-	77,394	147,819
Accruals	9,000	-	-	-	-	9,000
	79,425	-	-	-	77,394	156,819
Net Exposure	630,828	4,358	104	120	(77,394)	558,016

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

3.4 Market risk - Continued

31 December 2021	N'000	N'000	N'000	N'000	N'000	N'000
Current Asset	Naira	USD	GBP	EUR	CHF	Total
Cash and bank	179,361	3,095	26,423	11,497	-	220,376
Receivables	84,755	-	-	-	-	84,755
Total	264,116	3,095	26,423	11,497	-	305,131
Current Liabilities						
Creditors	56,217	-	-	-	25,584	81,801
Accruals	1,500	-	-	-	-	1,500
	57,717	-	-	-	25,584	83,301
Net Exposure	206,399	3,095	26,423	11,497	(25,584)	221,830

Sensitivity analysis for foreign exchange risk

As shown in the table above, the Society is exposed to changes in foreign currency exchange rates. The sensitivity analysis for currency rate risk shows how changes in the balances will fluctuate because of changes in market rates at the reporting date.

	31 December 2022 N'000	31 December 2021 N'000
Effect of a 5% appreciation of the Naira against US Dollar	218	784
Effect of a 5% depreciation of the Naira against US Dollar	(218)	(1,004)
Effect of a 5% appreciation of the Naira against British Pound Sterling	5	1,009
Effect of a 5% depreciation of the Naira against British Pound Sterling	(5)	(1,604)
Effect of a 5% appreciation of the Naira against Euro	6	(1,751)
Effect of a 5% depreciation of the Naira against Euro	(6)	(2,679)

(ii) Interest rate risk

Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. This includes any opportunity cost that might arise if the Society were to fix interest rates on its assets and/or liabilities in a falling or rising interest rate environment. However, the Society is not exposed to interest rate risk, since it does not have financial instrument neither is it exposed to interest rate volatility.

(iii) Other price risk

Other market risk is the risk that the carrying amount (and the ultimate amount realised upon sale/disposal) of financial instruments will fluctuate because of changes in market demand. The Society is presently not exposed to other price risk.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

	31 December	31 December
	2022	2021
	N'000	N'000
4 Operating Income		
4.1 Restricted Income		
Grant Income	2,272,895	1,341,991
Sponsorship	-	895
Donations	2,394	885
Other Donations	3,056	660
Institutional support	513,105	145,273
	2,791,450	1,489,704

The income are generated from the partners and sponsors at a point in time, see below breakdown by donors and partners. Restricted income in foreign currencies were translated into the presentation currency, Naira, using the exchange rate that prevailed at the date of transaction.

	31 December	31 December
	2022	2021
	N'000	N'000
DONORS/PARTNERS		
IFRC	1,220,804	434,573
ICRC	888,159	225,542
UNHCR	463,762	324,520
ECOWAS	-	235,321
BRITISH RED CROSS	126,511	208,282
MOMAN	50,000	-
ISLAMIC RELIEF WORLD WIDE(IRW)	22,423	-
UNFPA	17,580	32,040
ABBEEY MORTGAGE BANK	1,000	-
GTWORLD	710	-
ITALIAN RED CROSS	-	28,926
SMILEY MOTHERLESS CHILDREN FOUNDATION	500	-
ZUMUNTA SOKOTO	-	500
	2,791,450	1,489,704

	31 December	31 December
	2022	2021
	N'000	N'000
4.2 Unrestricted Income		
Rental Income	12,780	13,990
First Aid Training Fees	41,791	17,342
Project Administrative Fee	43,710	11,181
Members & Volunteer ID	8,966	6,165
Other Operating Income	552	-
	107,799	48,678

The income are generated from the activities of the society at a point in time.

4.3 Other Income		
Other interest	-	19
Exchange gain	14,719	87,626
Sales proceeds	-	1,215
	14,719	88,860

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

	31 December 2022 N'000	31 December 2021 N'000
5 Operating Expenditure		
5.1 Program expenses		
Emergency Supplies	(4,900)	(9,200)
Health Expenses	(96,624)	-
Seminars & Workshops	(20,865)	(157,107)
Advertising & Production	(23,353)	(352,210)
Gift in Kind - Food Aid Supplies	(26,996)	(61,800)
Communication Support	(6,497)	-
Hall Rental	(4,700)	(1,352)
Conference Fees	(2,080)	(733)
Construction Cost	(21,409)	(23,684)
Other Shelter Expenses	(129,548)	(23,087)
Printing & Stationery	(153,393)	(54,806)
Relief Supplies	(7,080)	(145,907)
Volunteer Allowance	(339,759)	(201,408)
Honorarium	(4,751)	(649)
Partner Payment Expenses	(27,859)	-
Cash Distribution	(235,301)	(153,602)
Transportation Costs	(155,406)	(146,595)
Other Program expenses	(703,357)	(3,237)
Refreshment & Hospitality	(77,563)	-
Closing Inventory	7,209	54,900
	(2,034,232)	(1,280,477)
	31 December 2022 N'000	31 December 2021 N'000
5.2 Personnel expenses		
Salaries-NRCS HQ	(310,940)	(224,647)
Salaries-BRANCHES	(46,106)	(15,821)
HQ	(1,913)	(4,773)
Temporary staff-Employed by Branches	(50)	(1,800)
Other Staff Benefits	(469)	-
Pension Costs	(29,693)	(22,465)
Redudancy Cost	-	(433)
Training Expenses	(580)	(400)
PAYE	(24,199)	(29,559)
Other Personnel Cost	(5,471)	-
	(419,421)	(299,898)

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - Continued

	31 December	31 December
	2022	2021
	N'000	N'000
5.3 Administrative expenses		
Other Expenses Allowances	(122)	(282)
Insurance	(184)	-
Staff Entertainment	-	(283)
Repairs and Maintenance	(7,614)	(3,021)
Professional Fees*	-	(1,500)
Audit Fees	(8,500)	-
Audit expenses	(500)	-
Rent	(17,150)	(13,000)
Utility	(636)	(335)
Equipment rent/lease	(200)	-
Furniture & Fittings	(5,242)	(4,904)
Cleaning Expenses	(3,532)	(245)
Office Supplies	(7,263)	(1,212)
Other Premises cost	(409)	(190)
Software Purchase	-	(700)
Other non capital equipment	-	(5,126)
Donation in kind	-	(885)
Membership Fee	-	(11,604)
IT Hardware purchase	(1,097)	(569)
Computer Supplies	(3,314)	(2,219)
Security Services	(1,460)	(200)
Depreciation [Note 6]	(39,894)	(38,477)
Entertainment	(35,227)	-
Bank charges	(6,037)	(4,206)
	(138,381)	(88,958)

*There were no non-audit services provided by EY, the external auditors to Nigerian Red Cross Society.

6 Property and Equipment

NRCS FIXED ASSETS SCHEDULE								
	LAGOS	CLINIC	SULEJA	NATIONAL	MOTOR	FURNITURE	OFFICE	
	BUILDING	BUILDING	LAND	TRAINING	VEHICLE	& FITTINGS	EQUIPMENT	Total
COST	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 01/01/2021	563,875	40,430	150,000	100,000	57,300	13,105	20,867	945,577
Additions	-	-	-	-	8,750	2,221	8,371	19,342
As at 31/12/2021	563,875	40,430	150,000	100,000	66,050	15,326	29,238	964,919
COST								
As at 01/01/2022	563,875	40,430	150,000	100,000	66,050	15,326	29,238	964,919
Additions	-	-	-	-	8,661	-	26,876	35,537
As at 31/12/2022	563,875	40,430	150,000	100,000	74,711	15,326	56,114	1,000,456
2021								
DEPRECIATION	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 01/01/2021	21,755	13,746	-	6,000	22,920	2,367	4,170	70,957
Charges for the Year	11,278	809	-	2,000	13,210	1,533	9,648	38,477
As as 31/12/2021	33,033	14,555	-	8,000	36,130	3,899	13,818	109,435
DEPRECIATION								
As at 01/01/2022	33,033	14,555	-	8,000	36,130	3,899	13,818	109,435
Charges for the Year	12,077	808	-	2,000	11,195	2,231	11,583	39,894
As as 31/12/2022	45,110	15,363	-	10,000	47,325	6,130	25,401	149,329
CARRYING AMOUNT								
NBV 31/12/2022	518,766	25,067	150,000	90,000	27,386	9,196	30,713	851,127
NBV 31/12/2021	596,908	54,985	150,000	108,000	102,180	19,225	43,056	855,484

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

	31 December 2022 N'000	31 December 2021 N'000
7 Inventories		
Food Aid Stocks-Purchased Goods	23,365	-
Other Goods Stocks-Gift in kind	13,586	-
Stocks-Purchased Goods	11,429	54,900
	48,380	54,900

	31 December 2022 N'000	31 December 2021 N'000
8 Prepayments		
Office Rent	6,125	9,500
	6,125	9,500

The amount relates to rent paid in advance to cover a one year duration which commences in current year.

	31 December 2022 N'000	31 December 2021 N'000
9 Receivables and Advances		
Branch Net Advance	198,675	79,598
Staff Advance	3,360	5,157
	202,035	84,755

Branch advance represent advances given out to other redcross branches of the 36 states in the federation which are yet to be retired as at reporting date..

Staff advance represent advances given out to staffs/officers to carry out official activities which are yet to be retired as at reporting date.

	31 December 2022 N'000	31 December 2021 N'000
10 Cash and Cash equivalents		
Bank	512,575	220,329
Petty Cash	225	47
	512,800	220,376

All bank balances are with the bankers to Nigerian Red Cross Society and are current in nature.

	31 December 2022 N'000	31 December 2021 N'000
11 Creditors and Accruals		
Statutory contribution	77,394	25,584
PAYE Payable	26,487	56,047
Pension Payable	-	170
Other Payable	43,938	-
	147,819	81,801

	31 December 2022 N'000	31 December 2021 N'000
11.1 Accruals		
Audit Fee Payable	9,000	1,500
	9,000	1,500

This amount relates to the external auditors fee.

NIGERIAN RED CROSS SOCIETY
NOTES TO THE FINANCIAL STATEMENT - Continued

	31 December	31 December
	2022	2021
	N'000	N'000
12 Accumulated Fund		
1 January 2021	1,141,714	1,183,806
Surplus/(deficit) for the year	321,934	(42,092)
	1,463,648	1,141,714

13 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

Related parties include:

- a. Entities over which the Society exercises significant influence.
- b. Board of Trustee and key management personnel of the society
- c. Close family members of key management personnel
- d. Post-employment benefit plan which is for the benefit of employees of the society of any entity that is a related party of the society.

Key management personnel comprise the Governing Board and Key members of management having authority and responsibility for planning, directing and controlling the activities of the company.

The society had no related party transactions in the period.

14 Compensation of key management personnel

There was no compensation of key management personnel during the year under review.

15 Contingent Liabilities

There were no litigation against the Society and other contingent liabilities likewise commitments as at reporting date (2021; Nil).

16 Events after reporting date

The National President exited on 7th January 2023. Thereafter, on the 7th January 2023, the existing National Finance and Property Management Adviser exited this role and was re- appointed as the National President. This appointment was made after the reporting year ended on 31st December 2022. The relevant information can be seen on the corporate information page.

There are no other events after reporting date that could have material effect on the financial statements of the Society that require adjustments or disclosure in the financial statements.

Other National Disclosures

NIGERIAN RED CROSS SOCIETY
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED TO 31 DECEMBER 2022

	2022 N'000	2021 N'000
Operating Income	<u>2,899,249</u>	<u>1,538,381</u>
Operating expenditure	<u>(2,132,719)</u>	<u>(1,330,958)</u>
	766,530	207,423
Other income	<u>14,719</u>	<u>88,860</u>
Value added	<u>781,249</u>	<u>296,283</u>

Applied as follows:

To employees:		
Salaries and other benefits	419,421	299,898

Retained for the society' future

For asset replacement		
-Depreciation	39,894	38,477
-Surplus/(Deficit) for the year	<u>321,934</u>	<u>(42,092)</u>
	<u>781,249</u>	<u>296,283</u>

The value added represents the wealth created through the use of the Society's assets by its own and its employees' efforts. This statement shows the allocation of wealth amongst employees, capital providers, and that retained for future creation of wealth.

NIGERIAN RED CROSS SOCIETY
FIVE-YEAR FINANCIAL SUMMARY

	31-Dec 2022	31-Dec 2021	31-Dec 2020	31-Dec 2019	31-Dec 2018
	N'000	N'000	N'000	N'000	N'000
Statement of Financial Position					
ASSETS					
Non-current Assets					
Property and Equipment	851,127	855,484	874,619	714,983	38,978
	851,127	855,484	874,619	714,983	38,978
Current Assets					
Inventories	48,380	54,900	61,259	-	-
Prepayment	6,125	9,500	12,912	750	7,126
Receivables	202,035	84,755	36,883	7,882	12,692
Cash and Cash Equivalents	512,800	220,376	239,663	53,058	53,761
	769,340	369,531	350,717	61,690	73,579
Total Assets	1,620,467	1,225,015	1,225,336	776,673	112,557
Accumulated Fund and Liabilities					
Accumulated Fund					
Restricted Fund	779,874	506,230	194,604	44,604	45,991
Unrestricted Fund	(131,499)	(179,789)	323,929	(26,680)	(31,268)
Revaluation Reserve & Net Asset	815,273	815,273	665,273	665,273	8,188
Total Accumulated Fund	1,463,648	1,141,714	1,183,806	683,197	22,911
Current liabilities					
Creditors	147,819	81,801	27,550	4,535	1066
Accruals	9,000	1,500	-	-	-
Total Liabilities	156,819	83,301	27,550	4,535	1,066
Total equity and liabilities	1,620,467	1,225,015	1,211,356	687,732	23,977
Statement of Activities					
Restricted Income	2,791,450	1,489,704	823,298	492,365	573,247
Unrestricted Income	107,799	48,678	239,485	35,686	26,990
Other income	14,719	88,860	-	-	-
Total Operating Income	2,913,968	1,627,242	1,062,783	528,051	600,237
Operating Expenditure					
Humanitarian response					
Direct Cost: Program expenses	(2,034,232)	(1,280,477)	(292,561.00)	(279,901)	(377,520)
Other program related expenses- staff support cost	(419,421)	(299,898)	(278,839.00)	(166,213)	(130,655)
Administrative expenses	(138,381)	(88,958)	(136,775.00)	(108,618)	(113,268)
Total Operating Expenditure	(2,592,034)	(1,669,333)	(708,175)	(554,732)	(621,443)
Net Surplus/(deficit) from Operating activities	321,934	(42,091)	354,608	(26,681)	(21,206)
OTHER COMPREHENSIVE INCOME					
Other comprehensive income	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	321,934	(42,091)	354,608	(26,681)	(21,206)