

Securities and Exchange Commission

**Consolidated and Separate Financial
Statements for the year ended 31 December
2016**

**Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
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Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
Board of the Commission, professional advisers and offices

Board of the Commission:

Peter Obi	Chairman*
Mr Olufemi Lijadu	Chairman***
Mallam Mounir H. Gwarzo	Director - General**
Ms. Mary Uduk	Ag. Director General (Effective April 2018)***
Rt. Hon. Zakawanu.I. Garuba	Executive Commissioner, Corporate Services*
Mrs. Sa'adatu Mohammed Bello	Executive Commissioner, Legal and Enforcement*
Barr. Adefunke Abiodun	Member*
Mr. Ugochukwu Ikemba	Member*
Kalli Zaji	Representative, Federal Ministry of Finance*
Okwu Joseph Nnanna	Representative, Central Bank of Nigeria*
Mr. Reginald Karawusa	Secretary*
Mr. Henry Rowland	Ag. Executive Commissioner, Corporate Services (Effective November 2017)***
Mr. Isyaku Tilde	Ag. Executive Commissioner, Operations (Effective November 2017)***
Mr. Reginald Karawusa	Ag. Executive Commissioner, Legal and Enforcement (Effective April 2018)***
Mr Lamido Yuguda	Non-Executive Commissioner***
Mrs Rekiya Ladi	Non-Executive Commissioner***
Dr (Mrs) Angela Adewunmi Sere-Ejembi	Representative of CBN***
Mr Okokon Ekanem	Representative of Federal Ministry of Finance***
Ms. Rachel Olenloa	Secretary to the Commission

*The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, which is yet to nominate their replacement.

** Mallam Mounir H. Gwarzo ceased to be Director-General on 29 November 2017

*** Inaugurated on 24 June 2019

The Board of the Commission was dissolved on 16 July 2015 and the non-executive members of the Board were withdrawn by the Federal Government of Nigeria, new executive members were inaugurated on 24 June 2019. The business and the governance of the Commission has since been carried out by them in line with section 4 of the Investment and Securities Act 2007.

Auditors

Messrs PricewaterhouseCoopers
Chartered Accountants
Landmark Tower, 5B Water Corporation Road
Victoria Island
Lagos

Bankers

Central bank of Nigeria

Head Office

SEC TOWER
Plot 272 Samuel Ademulegun Street
Central Business District
P.M.B. 315, Garki
Abuja, Nigeria.
www.sec.gov.ng

**Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
Board of the Commission, professional advisers and offices**

Lagos Zonal Office

No 3, Idejo Street
Opposite Icon House
Off Adeola Odeku Street
Victoria Island
P.M.B. 12638 Marina, Lagos
Lagos State.

Kano Zonal Office

African Alliance House (4th Floor)
F1, Sani Abacha Way/ Airport Road
Opposite KLM Airlines, Kano
Kano State.

Port Harcourt Zonal Office

First Bank Building (3rd Floor)
22/24, Aba Road
Port Harcourt
Rivers State.

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
Report of the Board of the Commission

The Board of the Securities and Exchange Commission ("the Commission" or "SEC") have pleasure in presenting its audited financial statements for the year ended 31 December, 2016.

These financial statements have been prepared using the International Financial Reporting Standards (IFRS).

1 Legal form

The Commission was established under the Securities and Exchange Commission Act of 1979 as amended by the Investments and Securities Act of 2007.

2 Principal activities

The Commission is charged with the duties of:

- (a) regulating investments and securities business in Nigeria;
- (b) registering and regulating securities exchanges, capital trade points, futures, options and derivatives exchanges, commodity exchanges and any other recognised investment exchanges;
- (c) registering securities to be offered for subscription or sale to the public;
- (d) preparing adequate guidelines and organising training programmes and disseminating information necessary for the establishment of Securities Exchanges and Capital Trade Points;
- (e) maintaining surveillance over the securities market to ensure orderly, fair and equitable dealings in securities;
- (f) registering and regulating corporate and individual capital market operators and their agents with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (g) protecting the integrity of the securities market against abuses arising from the practice of insider trading;
- (h) acting as regulatory apex organization for the Nigerian Capital Market including the promotion and registration of self-regulatory organisations and capital market trade associations to which it may delegate its powers;
- (i) reviewing, approving and regulating mergers, acquisitions and all forms of business combinations;
- (j) promoting investors' education and the training of all categories of intermediaries in the securities industry;
- (k) undertaking such other activities as are necessary or expedient for giving full effect to the provisions of the Investments and Securities Act of 2007.

3 Board of the Commission

The composition of the Board of the Commission as provided for under Section 3 of the Investments and Securities Act of 2007 is as stated on page 1 of these financial statements.

4 Operating results for the year

	Group		Commission	
	31 December 2016 N '000	31 December 2015 N '000	31 December 2016 N '000	31 December 2015 N '000
Income	5,336,178	7,131,917	5,257,724	5,681,519
Expenditure	8,701,750	10,792,937	8,418,984	10,577,560
Deficit for the year	(3,365,572)	(3,661,020)	(3,161,260)	(4,896,041)

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Report of the Board of the Commission (Cont'd)

5 Property and equipment

Movements in property and equipment during the year are as shown in note 11 of these financial statements.

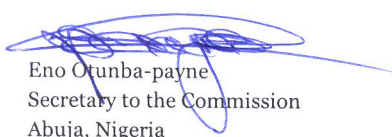
6 Financial commitments

The Commission have taken all known liabilities and commitments into consideration in the preparation of these financial statements.

7 Auditors

The auditors, Messrs PricewaterhouseCoopers, have indicated their willingness, to continue in office as auditors of the Commission.

By order of the Commission


Eno Otunba-payne
Secretary to the Commission
Abuja, Nigeria
4 July 2019

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
Statement of Board's responsibility for the financial statements

In accordance with the provisions of the Investments and Securities Act 2007, the Board of the Commission is responsible for the preparation of financial statements which give a true and fair view of the state of financial affairs of the Commission at the end of the year and its profit or loss in accordance with International Financial Reporting Standards (IFRS).

The responsibilities include ensuring that:

- i. the Commission keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Commission and comply with the requirements of the Investments and Securities Act 2007
- ii. appropriate and adequate internal controls are established to safeguard its assets and to prevent and detect fraud and other irregularities;
- iii. the Commission prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Board of the Commission accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in with International Financial Reporting Standard (IFRS).

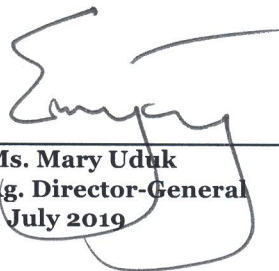
The Board of the Commission further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Signed on behalf of the Board of the Commission by:



Mr. Olufemi Lijadu
Chairman, Board of the Commission
4 July 2019



Ms. Mary Uduk
Ag. Director-General
4 July 2019



Independent auditor's report

To the Members of Securities and Exchange Commission

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Securities and Exchange Commission ("the Commission") and its subsidiaries (together "the group") as at 31 December 2016, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Investment and Securities Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Securities and Exchange Commission's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate 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 consolidated and separate 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The board of the Commission are responsible for the other information. The other information comprises Board of the Commission, professional advisers and offices information, Report of the Board of the Commission, Statement of Board's responsibilities, Statement of Value Added and Five-Year Financial Summary, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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



Responsibilities of the board of the Commission and those charged with governance for the consolidated and separate financial statements

The board of the Commission are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Investment and Securities Act and the Financial Reporting Council of Nigeria Act, and for such internal control as the board determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the board are responsible for assessing the Group'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 board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of board'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 Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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.

Patrick Obianwa

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

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/00000000880



5 September 2019

Securities and Exchange Commission
Consolidated and separate financial statements
For the year ended 31 December 2016
Statement of profit or loss and other comprehensive income

	Note	Group		Commission	
		31 December 2016	31 December 2015	December 2016	31 December 2015
		N '000	N '000	N '000	N '000
Fee income from operations	4	3,627,563	4,392,631	3,627,563	4,392,631
Interest income	5	1,660,077	2,694,700	1,629,593	1,286,850
Other operating income	6	48,538	44,586	568	2,038
Total income		5,336,178	7,131,917	5,257,724	5,681,519
Employee benefits expense	7	6,112,209	7,864,063	5,996,721	7,717,682
Depreciation and amortisation expenses	8	309,884	312,884	309,884	312,884
Finance cost	9	6,780	5,025	6,780	5,025
Other operating expenses	10	2,272,877	2,610,965	2,105,599	2,541,969
Total expenditure		8,701,750	10,792,937	8,418,984	10,577,560
Deficit for the year		(3,365,572)	(3,661,020)	(3,161,260)	(4,896,041)
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on defined benefit scheme	20	535,505	(548,700)	535,505	(548,700)
Other comprehensive income/(loss) for the year		535,505	(548,700)	535,505	(548,700)
Total comprehensive loss for the year		(2,830,067)	(4,209,720)	(2,625,755)	(5,444,741)

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

