

## IFRS® STANDARDS—APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Nigeria**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Nigeria. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

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#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Financial Reporting Council of Nigeria (FRCN)
Role of the organisation	The FRCN was established by the Financial Reporting Council of Nigeria Act, 2011. The FRCN replaced the former Nigerian Accounting Standards Board. The FRCN has statutory authority to establish financial reporting standards for all 'public interest entities', which includes not only quoted and unquoted companies but also governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities.
Website	<a href="http://www.financialreportingcouncil.gov.ng">www.financialreportingcouncil.gov.ng</a>
Email contact	<a href="mailto:enquiries@financialreportingcouncil.gov.ng">enquiries@financialreportingcouncil.gov.ng</a>

#### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a

Yes.

single set of high quality global accounting standards?	The Financial Reporting Council of Nigeria Act, 2011 requires that the FRCN “promote compliance with the adopted standards issued by the International Federation of Accountants and International Accounting Standards Board”.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes.  The Financial Reporting Council of Nigeria Act, 2011 requires that the FRCN “promote compliance with the adopted standards issued by the International Federation of Accountants and International Accounting Standards Board”.
What is the jurisdiction's status of adoption?	IFRS Standards are required for the financial statements of all ‘public interest entities’, which includes not only quoted and unquoted companies but also governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities.
Additional comments provided on the adoption status?	On 28 July 2010, the Nigerian Federal Executive Council approved 1 January 2012 as the effective date for adoption of International Financial Reporting Standards (IFRS Standards) in Nigeria. The Council directed the (former) Nigerian Accounting Standards Board (NASB), under the supervision of the Nigerian Federal Ministry of Commerce and Industry, to take action necessary to achieve that objective.  The Council's action to adopt IFRS Standards was based on recommendations set out in the <i>Report of the Committee on Road Map to the Adoption of International Financial Reporting Standards in Nigeria</i> . That report was prepared by a working group of government and private sector experts established by the NASB.  In Nigeria, IFRS Standards were phased in as follows: <ul style="list-style-type: none"> <li>• For quoted companies and companies with significant public interest the adoption of IFRS Standards was effective in January 2012.</li> <li>• For other public interest entities the adoption of IFRS Standards was effective January 2013.</li> <li>• For SMEs the adoption of the <i>IFRS for SMEs</i> Standard was effective January 2014.</li> </ul>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All. This includes all companies that trade on both the main board and the Alternative Securities Market (ASeM) of the Nigerian Stock Exchange.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Standards are required in the separate financial statements of all companies whose securities trade in a public market.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards are required for all 'public interest entities', which includes not only quoted and unquoted companies but also governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities. The following are not 'public interest entities':

- Small and medium-sized entities (SMEs), which are required to use the *IFRS for SMEs* Standard. SMEs are defined as entities:
  - —  
that are not in the process of issuing debt or equity securities for trading in a public market;
  - —  
that do not hold assets in fiduciary capacity for a broad group of outsiders as one of their primary businesses;
  - —  
that have annual turnover of not more than N500 million (approximately US\$3 million) or such amount as may be fixed by the Corporate Affairs Commission;
  - —  
that have total assets value of not more than N200 million (approximately US\$1 million) or such amount as may be fixed by the Corporate Affairs Commission;
  - —  
that have no foreign Board members;
  - —  
that have no members that are a government or a government corporation or agency or its nominee; and
  - —  
whose directors together hold not less than 51 per cent of its equity share capital.
- Micro-sized entities (SMEs), which may use either the *IFRS for SMEs* Standard or the Small and Medium-sized Entities Guidelines on Accounting (SMEGA) Level 3 issued by the United Nations Conference on Trade and Development (UNCTAD). Micro-sized entities are entities that are not public interest entities or SMEs.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the Board.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Indirectly. See below.

If yes, how does that process work?

The FRC has statutory authority to issue accounting standards. The FRC has adopted IFRS Standards and the *IFRS for SMEs* Standard.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

No.

If yes, what is the process?

Not applicable.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

As explained above, on 28 July 2010 IFRS Standards were adopted by the Nigerian Federal Executive Council effective 1 January 2012. This action covered not only those IFRS Standards then issued but also all new and amended IFRS Standards issued subsequently. Therefore, specific

endorsement of each individual now or amended IFRS Standard is not needed.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	No. English is the official language in Nigeria.
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If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Not applicable.
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## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.

Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.

Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	<p>All SMEs as defined in the law are required to use the IFRS for SMEs Standard effective 1 January 2014 except micro-sized entities (as defined in law), which may choose the IFRS for SMEs Standard or the Small and Medium-sized Entities Guidelines on Accounting (SMEGA) Level 3 issued by the United Nations Conference on Trade and Development (UNCTAD).</p> <p>SMEs are defined as entities:</p> <ul style="list-style-type: none"> <li>• that are not in the process of issuing debt or equity securities for trading in a public market;</li> <li>• that do not hold assets in fiduciary capacity for a broad group of outsiders as one of their primary businesses;</li> <li>• that have annual turnover of not more than N500 million (approximately US\$3 million) or such amount as may be fixed by the Corporate Affairs Commission;</li> <li>• that have total assets value of not more than N200 million (approximately US\$1 million) or such amount as may be fixed by the Corporate Affairs Commission;</li> </ul>
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- that have no foreign Board members;
- that have no members that are a government or a government corporation or agency or its nominee; and
- whose directors together hold not less than 51 per cent of its equity share capital.

Micro-sized entities are entities that are not public interest entities or SMEs.

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For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

See above.

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Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.