

NIGERIAN RAILWAY CORPORATION



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

**GBENGA BADEJO & CO.
(CHARTERED ACCOUNTANTS)**

 REANDA

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NIGERIAN RAILWAY CORPORATION

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NIGERIAN RAILWAY CORPORATION

CORPORATE INFORMATION

BOARD OF DIRECTORS

Engr. Ibrahim Alhassan Musa	Chairman
Engr. F.E. Okhira	Managing Director/Chief Executive Officer
Maj. Gen. E.R. Chioba (Rtd)	Secretary
Hon. Paul Gowon Haruna	Member
Engr. Yakubu Bello	Member
Hon. Dele Obadina (MHR)	Member
Hon. Adetunji Taiwo Orisalade	Member
Senator Bello Maitama Yusuf	Member
Idris Wasiri Othman	Member
Hon. Charles Idahosa	Member
Musa Bayero Mohammed	Member
Abubakar B. Jijiwa MFR	Member
Hon. Alli Bukar Dalori	Member
Rt. Hon. Gabriel Edi	Member
Otunba Gbenga Elegbeleye	Member
Hon. Musa Mahmood	Member
Comrade Kayode Opeifa (Ph.D)	Member
Prof. Obiaraeri Nnamdi	Member
AIG. Umar U. Shehu (Rtd)	Member
Mauren Tamuno	Member
Dr. Gabriel Longpet	Member
Obukome Ibru	Member
Mr. Ben Iloanusi	Member
ODII, Ndubisi Barry	Federal Ministry of Transport - Representative
Brig. Gen. Aliyu Kama (Rtd) mni	Member
Ahmed Rufai Mohammed	Member

KEY MANAGEMENT PERSONNEL

Engr. F.E. Okhiria	Managing Director/Chief Executive Officer
Mr. F.C. Njoku, FCA	Director of Finance and Account
Engr. Bello Roni	Director of Mechanical/Electrical/Signal/Telecom - Retired WEF 22/6/2021
Engr. Folorunsho Rasheed Gbadamosi	Director of Mechanical/Electrical/Signal/Telecom - Appointed WEF 23/6/2021
Engr. A.O. Onyokoko	Director of Civil Engineering/New Lines
Dr. A. I. Gusau mni	Director of Administration/Human Resources - Retired WEF 13/2/2021
Dr. Monsurat Olaitan	Director of Administration/Human Resources - Appointed WEF 14/2/2021
Mr. T.A. Alli	Director of Operations
Mr. James Zang	Director of Corporate Planning
Barrister Obiora Emedolibe	Secretary to the Corporation/Director Legal

CORPORATE HEADQUARTERS

Railway Headquarters
Oke-Ira Road,
Ebute Metta,
Lagos State.

TAX IDENTIFICATION NUMBER

02968958 - 0001

INDEPENDENT AUDITORS

Gbenga Badejo & Co.,
(Chartered Accountants),
A Correspondent Firm of Reanda International. An international network of independent accounting and consulting firms.
Plot 8A, Ajumobi Olorunoje Street,
By First Bank, Off Acme Road, Agidingbi, Ikeja, Lagos State.
Tel: 0809 622 7865
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www.gbc-consult.com

SOLE BANKER

Central Bank of Nigeria

NIGERIAN RAILWAY CORPORATION

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER, 2021.

	2021	2020	Increase/ (Decrease)
	₦	₦	%
MAJOR FINANCIAL PERFORMANCE ITEMS			
Revenue from Non-Exchange Transaction	8,210,355,465	7,163,832,716	15
Revenue from Exchange Transaction	6,207,997,239	2,561,412,787	142
Total Expenditure	(41,691,791,410)	(39,430,117,799)	6
Deficit for the year	(27,273,438,707)	(29,704,872,296)	(8)
Transferred to Consolidated Revenue Fund	(1,396,203,029)	(420,464,003)	232
Net Deficit for the year	(28,669,641,736)	(30,125,336,299)	(5)
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS			
Property, Plant and Equipment	876,606,697,458	887,309,427,580	(1)
Current Assets	21,718,560,199	15,947,247,171	36
Total Assets	898,343,536,657	903,274,953,750	(1)
Current Liabilities	1,248,945,879	3,895,658,736	(68)
Non-Current Liabilities	1,021,781,107,758	1,003,561,698,946	2
Net Assets/Capital Fund	(124,686,516,979)	(104,182,403,932)	20

EXTRACT FROM THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Original and Final Budget	Actual Comparative Basis	(Adverse)/ Favourable
Salaries, Wages and Other Benefits	9,139,504,579	14,409,610,468	(5,270,105,889)
Other Operating Expenditure	105,400,000	5,513,178,945	(5,407,778,945)
Capital Expenditure and Others	21,749,000,000	12,344,838,785	9,404,161,215
Total	30,993,904,579	32,267,628,197	(1,273,723,618)

NIGERIAN RAILWAY CORPORATION

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2021.

The Directors present to the members of the Corporation their report together with the audited financial statements for the year ended 31 December, 2021.

1. PRINCIPAL ACTIVITIES

The corporation came into existence on 3rd October, 1912 by the merger of Lagos Government Railway and the Baro-Kano Railway. It however became an autonomous public corporation created by an Act of Parliament - the Nigerian Railway Corporation Act (1955) as amended with the original objectives of "carriage of passengers and goods in the manner that will offer full value and quality of service, ensure safety of operations and maximum efficiency, meet social responsibility in a manner that will meet the requirements of rail users, trade, commerce and the general public.

2. STATE OF AFFAIRS

In the opinion of the Directors, the state of affairs of the Corporation is satisfactory and there has been no material change since the date of the financial position.

3. RESULTS FOR THE YEAR

	2021	2020	Change
	₦	₦	%
Revenue from non-exchange transactions	8,210,355,465	7,163,832,716	15
Revenue from exchange transactions	6,207,997,239	2,561,412,787	142
Total Revenue	14,418,352,704	9,725,245,503	48
Total Expenditure	(41,691,791,410)	(39,430,117,799)	6
Deficit for the year	(27,273,438,707)	(29,704,872,296)	(8)
Transferred to Consolidated Revenue Fund	(1,396,203,029)	(420,464,003)	232
Net Deficit for the year	(28,669,641,736)	(30,125,336,299)	(5)

4. DISTRICTS HEADQUARTERS / MANAGERS

Nigerian Railway Corporation has eight geographical district offices and a liaison office situated across the federation. These offices are saddled with the responsibility of overseeing the operations of the stations within them. Below are the list and addresses of these district/liason offices and their respective managers (RDM):-

Engr. Jerry Oche

Lagos District

Ebute Metta Junction
Alagomeji Bus Stop
Yaba, Lagos State

Mr. Olusoji Timothy Osidipe

Eastern District

Enugu City, Enugu State

Engr. Angelique N. Ikwuka

Western District

Dugbe Ibadan, Oyo State

Mr. Adebisi Ismail Aderemi

Northern District

Zaria, Kaduna State

Engr. Ali Miko Bichi

North Eastern District

Bauchi Town, Bauchi State

Mr. Frank C. Ajoku

North Central District

Kafanchan, Kaduna State

Engr. Sulaimon Obafunso

North Western District

Minna, Niger State

Engr. Abdulganiyu Sanni

Agbor District

Agbor Town, Delta State

Mr. Pascal A. Nnorli (JP)

Abuja Train Service/Liaison Office

Idu Train Station, Idu - Abuja

NIGERIAN RAILWAY CORPORATION

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER, 2021.

6. EMPLOYEE HEALTH, SAFETY AND WELFARE

The Corporation is fully committed to employees' well-being and would continue to seek better ways of guaranteeing their well-being. The corporation provides subsidy to all employees for medical, transportation, housing etc.

7. EMPLOYMENT OF DISABLED PERSONS

The Corporation has an employment policy which does not discriminate against the disabled.

8. CHARITABLE DONATIONS

The Corporation did not make any charitable donations during the year ended 2021 (2020: Nil).

9. EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date which could have had a material effect on the state of affairs of the corporation as at 31 December 2021 and on the surplus for the year which have not been adequately provided or considered.

10. AUDITORS

Messrs. Gbenga Badejo & Co. (Chartered Accountants) were appointed as External Auditors to Nigerian Railway Corporation in accordance with the provisions of section 401 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2022. A resolution will be proposed at the Board Meeting to authorizing the Directors to ratify their appointment and remuneration.

BY ORDER OF THE BOARD



SECRETARY TO THE BOARD

DATE: 29/06/22

NIGERIAN RAILWAY CORPORATION

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER, 2021

The Financial Regulation requires the Nigerian Railway Corporation Management Board to prepare the financial statements for each financial year that give a true and fair view of the state of financial affairs of the corporation at the end of the year and of its surplus or deficit. The responsibility include ensuring that the Entity:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation.
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities: and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Public Sector Accounting Standards as issued by the International Public Sector Accounting Standards Board, Financial Regulation Act, Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of the Railway Corporation Act of 1995.


The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its surplus. The Directors 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 Directors to indicate that the Corporation will not remain a going concern for at least twelve months from the date of this statement.



Engr. F.E. Okhira
Managing Director

Date: 29/6/2022



Mr. F.C. Njoku
Director, Finance and Account

Date: 29/6/2022

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF NIGERIAN RAILWAY CORPORATION**

We have audited the accompanying Financial Statements of Nigerian Railway Corporation, for the year ended 31 December, 2021. These Financial Statements comprise Statement of Financial Position as at 31 December, 2021, Statement of Financial Performance, Statement of Changes in Capital funds, Statement of Cash flows, Statement of Comparison of Budget and Actual amount, other explanatory notes for the year ended 31 December, 2021.

OPINION

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of Nigerian Railway Corporation, as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standard as issued by the International Public Sector Accounting Standard Board, Financial Reporting Council of Nigeria Act, No 6, 2011 and the requirements of Nigerian Railway Corporation Board Act 1990 as amended and other circulars.

BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ICAN codes of ethics for professional accountant and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises all the information in the Nigerian Railway Corporation 2021 annual report other than the Corporation financial statements and our auditor's report thereon ("the Other Information").

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

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

**REPORT OF THE INDEPENDENT AUDITORS (CONTD.)
TO THE MEMBERS OF NIGERIAN RAILWAY CORPORATION**

Responsibilities of the Directors and Those Charged with Governance of the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards and the requirement of Nigerian Railway Corporation Board Act 1990 as amended, other circulars and guidelines issued by the Financial Reporting Council Act 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the corporation'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 directors either intends to liquidate the corporation 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 judgment and maintain professional skepticism throughout the audit. We also:

- 1) 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.
- 2) 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 internal control.
- 3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- 4) Conclude on the appropriateness of director'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 corporation'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 corporation to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS (CONTD.)
TO THE MEMBERS OF NIGERIAN RAILWAY CORPORATION**

5) 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 Directors 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal requirements

The Nigerian Railway Corporation Act 1990 as amended requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, proper books of account have been kept by the Corporation; and
- iii. The Corporation's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The Engagement Partner on the audit resulting in this independent auditor's report is:-

Emmanuel Igemokhai Ogiaga, FCA

FRC/2021/004/00000024269

Principal Manager

Gbenga Badejo & Co.

(Chartered Accountants)

Plot 8A, Ajumobi Olorunoje Street,

Off Acme Road, By First Bank,

Agidingbi, Ikeja, Lagos State.

Date:5/7/....., 2022




NIGERIAN RAILWAY CORPORATION

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER, 2021

ASSET	NOTES	2021 N	2020 N
NON-CURRENT ASSETS			
Property, Plant & Equipment	6	876,606,697,458	887,309,427,580
Investment valued at Other Comprehensive Income	7	18,279,000	18,279,000
TOTAL NON CURRENT ASSET		876,624,976,458	887,327,706,580
CURRENT ASSETS			
Bank Balances	8	499,982,048	12,306,301,784
Capital and Overhead Account	9	17,688,968,381	-
Inventories	10	3,295,510,943	3,262,379,546
Trade and Other Receivables	11	234,098,826	378,565,840
TOTAL CURRENT ASSETS		21,718,560,199	15,947,247,171
TOTAL ASSETS		898,343,536,657	903,274,953,750
LIABILITIES & CAPITAL FUNDS			
CURRENT LIABILITIES			
Trade and Other Payables-Exchange Transaction	12.1	943,679,780	2,340,505,535
Trade and Other Payables-Non-Exchange Transaction	12.2	305,266,098	1,555,153,201
		1,248,945,879	3,895,658,736
NON - CURRENT LIABILITIES			
Federal Government Loans	16	3,533,731,784	3,533,731,784
Debt Management Office (DMO) Loan	17	50,369,245,934	45,733,308,434
Loan from China Government	18	621,917,761,125	621,917,761,125
Federal Government Fund	19	345,960,368,915	332,376,897,603
Total Non-Current Liabilities		1,021,781,107,758	1,003,561,698,946
TOTAL LIABILITIES		1,023,030,053,636	1,007,457,357,682
TOTAL ASSETS LESS TOTAL LIABILITIES		(124,686,516,979)	(104,182,403,932)
NET ASSETS/CAPITAL FUNDS			
Capital Reserve Account	13	50,826,253	50,826,253
Federal Government Capital Fund	14	17,610,980,689	9,445,452,000
Accumulated Revenue Fund	15	(142,348,323,921)	(113,678,682,185)
		(124,686,516,979)	(104,182,403,932)
TOTAL CAPITAL FUNDS AND LIABILITIES		898,343,536,657	903,274,953,750

These Financial Statements were approved by the Board of Directors on 29/6/2022
and signed on its behalf by:


Engr. F.E Okhiria
Managing Director


Mr. F.C. Njoku, FCA
Director, Finance and Account

The accompanying notes are an integral part of these Financial Statements.

NIGERIAN RAILWAY CORPORATION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER, 2021

	Notes	2021 ₦	2020 ₦	Increase/(Decrease) ₦	%
Revenue					
Non-Exchange Transaction	21	8,210,355,465	7,163,832,716	1,046,522,749	15
Exchange Transaction	22	6,207,997,239	2,561,412,787	3,646,584,452	142
Total Revenue		14,418,352,704	9,725,245,503	4,693,107,201	48
EXPENDITURE					
Personnel Emolument	23	8,201,613,229	7,220,117,532	(981,495,697)	14
Supplies and Consumables	24	2,717,647,724	1,675,931,884	(1,041,715,840)	62
Administrative and General Expenses	25	3,089,024,053	1,246,338,806	(1,842,685,247)	148
Depreciation	25.1	23,047,568,904	24,651,792,077	1,604,223,173	(7)
Finance Cost	26	4,635,937,500	4,635,937,500	-	
Total Expenditure		41,691,791,410	39,430,117,799	(2,261,673,611)	6
Deficit for the Period		(27,273,438,707)	(29,704,872,296)	(2,431,433,589)	(8)
Transfer					
Transferred to Consolidated Revenue Fund	22.3	(1,396,203,029)	(420,464,003)	975,739,026	232
Net Deficit for the Period		(28,669,641,736)	(30,125,336,299)	(1,455,694,563)	(5)

The accompanying notes are an integral part of these Financial Statements.

NIGERIAN RAILWAY CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER,

	NOTES	2021		2020	
		N	N	N	N
CASH FLOW FROM OPERATING ACTIVITIES					
Deficit for the period			(28,669,641,736)		(30,125,336,299)
Adjustment for non-cash movement items:					
Impact of adjustment due to restatement			-	(51,045,983,209)	
Adjustment on depreciation			-	56,038,712,298	
Depreciation	6	23,047,568,907		24,651,792,077	
Amortisation			-		
			<u>23,047,568,907</u>		<u>29,644,521,166</u>
Net cash flows before changes in working capital			(5,622,072,829)		(480,815,133)
Changes in Working Capital					
(Increase)/ Decrease in Inventories	10	(33,131,397)		(845,769,775)	
(Increase)/ Decrease in Trade & Other Receivable	10	144,467,014		(183,639,049)	
Increase in Trade & Other Payables	11	(2,646,712,857)		951,713,982	
			<u>(2,535,377,241)</u>		<u>(77,694,842)</u>
Net Cash flow From Operating Activities			(8,157,450,070)		(558,509,975)
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Property, Plant & Equipment	6	(12,344,838,785)		(779,567,659,116)	
Purchase of Intangible Asset		-		-	
Profit on Disposal of Assets		-		-	
Net Cash flow From Investing Activities			(12,344,838,785)		(779,567,659,116)
CASH FLOW FROM FINANCING ACTIVITIES					
Increase/(Decrease) in FGN Fund		4,060,031,620		126,313,072,330	
Increase/(Decrease) in DMO Loan		4,635,937,500		33,233,308,434	
Increase/(Decrease) in Loan from China Government		-		621,917,761,125	
Net Cash flow From Financing Activities			8,695,969,119		781,464,141,889
Net Cash in flow for the year			<u>(11,806,319,736)</u>		<u>1,337,972,798</u>
Cash and Cash Equivalents as at 1st January,			<u>12,306,301,784</u>		<u>10,968,328,986</u>
Cash and Cash Equivalents as at 31st December,			<u>499,982,048</u>		<u>12,306,301,784</u>
Cash and Cash Equivalents	8		<u>499,982,048</u>		<u>12,306,301,784</u>

NIGERIAN RAILWAY CORPORATION

STATEMENT OF CHANGES IN CAPITAL FUNDS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Capital Reserves Account N	Accumulated Revenue Fund N	Federal Government Capital Fund N	Total N
Changes in Funds for 2020				
Balance at 1 January, 2020	50,826,253	(32,507,362,677)	-	(32,456,536,424)
Additional funds from the Federal Government	-	-	20,422,566,835	20,422,566,835
Adjustment due to restatement	-	(51,045,983,209)	-	(51,045,983,209)
Utilisation during the period	-	-	(10,977,114,835)	(10,977,114,835)
Deficit for the year	-	(30,125,336,299)	-	(30,125,336,299)
Balance at 31 December 2020	50,826,253	(113,678,682,185)	9,445,452,000	(104,182,403,932)
Changes in Fund for 2021				
Balance at 1 January, 2021	50,826,253	(113,678,682,185)	9,445,452,000	(104,182,403,932)
Additional funds from the Federal Government	-	-	21,749,000,000	21,749,000,000
Utilisation during the period	-	-	(13,583,471,311)	(13,583,471,311)
Deficit for the year	-	(28,669,641,736)	-	(28,669,641,736)
Balance at 31 December 2021	50,826,253	(142,348,323,921)	17,610,980,689	(124,686,516,979)

NIGERIAN RAILWAY CORPORATION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2021

YEAR 2021

	Budget	Actual Comparative Basis	(Adverse)/ Favourable
	₦	₦	₦
Revenue			
Revenue from Passenger and Freight Services	4,650,000,000	6,026,166,940	1,376,166,940
Non-Core Income	706,571,418	181,830,298	(524,741,120)
<i>Salaries, wages and other benefits</i>			
Basic Salary and Other Allowance	8,108,594,227	7,957,887,950	(150,706,277)
Non Regular Allowances	15,436,074	53,485,886	38,049,812
NHIS	405,429,711	77,996,349	(327,433,362)
Contributory Pension	608,144,567	15,585,280	(592,559,287)
Salaries and Allowances (Casual/Contract)	-	56,062,650	56,062,650
Overtime Payments (Incentives)	-	14,738,285	14,738,285
Death Benefits (Burial Expenses)	1,900,000	25,856,829	23,956,829
Total salaries, wages and other benefits	14,496,075,997	14,409,610,468	(86,465,529)
Other Recurrent Cost			
Supplies and Consumables	8,000,000	2,717,647,724	(2,709,647,724)
Printing of security document	450,000	12,024,120	(11,574,120)
Recruitment and Appointment (service wide)	20,000	2,552,500	(2,532,500)
Water	-	12,603,882	(12,603,882)
Electricity Charges	3,300,000	259,641,247	(256,341,247)
Travel and Transport	44,964,000	346,677,094	(301,713,094)
Sanitation / Waste Management	-	417,669,950	(417,669,950)
Uniform and Other Clothing	-	21,318,919	(21,318,919)
Damages by Accidents	-	809,000	(809,000)
Magazines and Periodicals	252,000	3,688,370	(3,436,370)
Publicity & Advertisements	1,050,000	70,195,600	(69,145,600)
General expenses /others	-	51,234,565	(51,234,565)
Overseas Tours	6,000,000	55,378,367	(49,378,367)
Staff Welfare Packages	-	29,197,113	(29,197,113)
Telephone	-	19,282,932	(19,282,932)
Monitoring Activities and Follow up	7,000,000	12,948,000	(5,948,000)
Security Services	-	236,652,737	(236,652,737)
Anti corruption	1,000,000	-	1,000,000
Commercial Entertainment	-	27,684,763	(27,684,763)
Local Training / Manpower Development	10,000,000	34,714,800	(24,714,800)
International Training	-	458,200	(458,200)
Union African Railway	-	450,000	(450,000)
Legal Consultancy and Professional Services	9,000,000	193,401,821	(184,401,821)
Audit Fees	-	30,249,974	(30,249,974)
Insurance Premium	7,700,000	10,142,983	(2,442,983)
Balance Carried Forward	98,736,000	4,566,624,661	(4,467,888,661)

NIGERIAN RAILWAY CORPORATION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Budget	Actual Comparative Basis	(Adverse)/ Favourable
	N	N	N
Balance brought Forward	98,736,000	4,566,624,661	(4,467,888,661)
Maintenance of Furniture and Equipment	-	39,632,592	(39,632,592)
Maintenance of Motor Vehicle / Transport Equipment	-	39,636,571	(39,636,571)
Maintenance of Office Building / Residential	-	364,283,378	(364,283,378)
Maintenance of Plant and Generator /Railway/	-	142,492,892	(142,492,892)
Motor Vehicle Running Expenses	1,440,000	11,376,950	(9,936,950)
ICT / Internet Access Charges	500,000	25,422,197	(24,922,197)
Honorarium and Sitting Allowance	4,724,000	117,374,110	(112,650,110)
Cost of Operation	-	55,563,068	(55,563,068)
Office Stationeries and Computer Consumables	-	101,537,289	(101,537,289)
Medicals	-	49,235,236	(49,235,236)
Total other operating expenditure	105,400,000	5,513,178,945	(5,407,778,945)
Capital expenditure and others			
Building	2,527,000,000	-	2,527,000,000
Construction and Rehabilitation of Culvert and Bridges	-	470,441,754	(470,441,754)
Water Supply	1,370,000,000	256,041,683	1,113,958,317
Permanent Ways	9,767,000,000	3,545,913,870	6,221,086,130
Signals and Communications	-	1,063,628,141	(1,063,628,141)
Locomotives, Coaches and Wagons	8,060,000,000	344,259,312	7,715,740,688
Motor Vehicle	-	21,015,995	(21,015,995)
Plant and Machinery	-	6,417,570,603	(6,417,570,603)
Computer	25,000,000	46,829,170	(21,829,170)
Furniture and Fittings	-	179,138,256	(179,138,256)
Total capital expenditure	21,749,000,000	12,344,838,785	9,404,161,215

The budget amounts and the financial statement amounts are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget.

Budgeted compared to actual spend is only required to be disclosed by IPSAS 24 when budgets are publicly available, Nigeria Railway Corporation has chosen to disclose this information voluntarily to enhance the transparency of its financial statements and the accountability of management for delivering the corporation service.

	Budget	Actual Comparative Basis	(Adverse)/ Favourable
	N	N	N
INTERNALLY GENERATED REVENUE (IGR)			
Income from Passenger Services	3,550,000,000	5,738,155,814	2,188,155,814
Income from Freight	1,100,000,000	288,011,126	(811,988,874)
Income from Other Sources	706,571,418	181,830,298	(524,741,120)
	5,356,571,418	6,207,997,239	(851,425,821)

NIGERIAN RAILWAY CORPORATION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2021

YEAR 2020

	Original and Final Budget	Actual Comparative Basis	(Adverse)/ Favourable
	₦	₦	₦
Revenue			
Revenue from Passenger and Freight Services	6,051,269,226	1,951,857,873	(4,099,411,353)
Non-Core Income	38,420,183	609,554,914	571,134,731
Salaries, wages and other benefits			
Salary and Wages	6,300,883,497	6,394,026,146	93,142,649
Non Regular Allowance	11,280,000	38,480,949	27,200,949
Contributions to pension fund and retirement benefit plan	472,566,262	472,566,262	-
NHIS FGN Contribution	315,044,175	315,044,175	-
Total salaries, wages and other benefits	13,189,463,343	9,781,530,319	(3,407,933,024)
Other Recurrent Cost			
Travel & Transport- General	141,923,760	163,024,457	(21,100,697)
Operational Consumables	3,650,729,862	1,616,606,118	2,034,123,744
Electricity Charges	3,300,000	112,993,847	(109,693,847)
Water Rates	15,000,000	3,262,200	11,737,800
Telephone/Postages	900,000	7,973,840	(7,073,840)
ICT/Internet Access Charges	5,300,000	17,871,162	(12,571,162)
Office Stationeries/Computer Consumables	57,500,000	54,838,976	2,661,024
Magazine & Periodicals	252,000	1,324,350	(1,072,350)
Printing of Security Document	15,450,000	-	15,450,000
Maintenance of Motor Vehicle /Transport Equipment	66,802,000	122,616,470	(55,814,470)
Local Training /Manpower Development	58,000,000	7,320,053	50,679,947
Bank Charges other than Interest	-	1,485,227	(1,485,227)
Financial Consulting	19,000,000	23,000,000	(4,000,000)
Legal ,Consultancy and Professional Services	113,961,904	107,158,002	6,803,902
Motor Vehicle Fuel Cost	1,440,000	-	1,440,000
Plant/Generator Fuel Cost	2,125,200	-	2,125,200
Insurance Premium	15,700,000	57,648,102	(41,948,102)
General Expenses /Others	235,803,859	55,472,054	180,331,805
Publicity & Advertisement	34,700,000	22,801,821	11,898,179
Honorarium and Sitting Allowance	48,724,000	74,938,506	(26,214,506)
Recruitment and Appointment (Service wide)	3,220,000	-	3,220,000
Annual Budget Expenses and Administration	6,590,000	-	6,590,000
Anti - Corruption	1,000,000	-	1,000,000
Monitoring Activities and Follow up	7,000,000	8,088,822	(1,088,822)
Death Benefits	23,500,000	-	23,500,000
Security Services	104,063,494	57,031,119	47,032,375
Medicals	-	100,442,645	(100,442,645)
Renewal of furniture & Equipment	-	14,364,450	(14,364,450)
Staff Welfare Packages	361,391,700	8,498,252	352,893,448
Repairs and Maintenance	23,682,000	56,334,781	(32,652,781)
Damages by Accidents	-	10,844,795	(10,844,795)
Sanitation /Waste Management	-	24,749,782	(24,749,782)
Uniform and Other Clothing	5,500,000	191,580,859	(186,080,859)
Transfer to Consolidated Revenue Fund	-	420,464,003	(420,464,003)
Total other operating expenditure	5,022,559,779	3,342,734,693	1,679,825,086

NIGERIAN RAILWAY CORPORATION

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER, 2021

YEAR 2020

	Original and Final Budget	Actual Comparative Basis	(Adverse)/ Favourable
	₦	₦	₦
Capital expenditure and others			
Construction and Rehabilitation of Culvert and Bridges	-	148,599,343,642	(148,599,343,642)
Rehabilitation of stations and other Railway Building	190,316,126	45,978,455,924	(45,788,139,798)
Various Track Rehabilitation Projects	8,265,776,764	72,116,130,247	(63,850,353,483)
Upgrading of Signalling & Telecom System	1,020,928,022	17,839,930,506	(16,819,002,484)
Water Supply	-	26,223,687	(26,223,687)
Procurement and Rehabilitation of Locomotives and Rolling Stock	3,023,568,446	46,924,239,376	(43,900,670,930)
Plant and Machinery	-	11,634,834,179	(11,634,834,179)
Workshop Equipment and Rolling Stock	1,869,118,149	-	1,869,118,149
Monitoring and Evaluation	18,699,649	-	18,699,649
Procurement of Spare Parts including Lubricants for Locomotives, Coaches and Wages	1,043,446,593	-	1,043,446,593
Insurance of Locomotives and Rolling Stocks	400,626,715	-	400,626,715
Environmental Management	203,901,882	6,321,143,677	(6,117,241,795)
Capital Works in Progress	-	430,127,357,878	(430,127,357,878)
Total capital expenditure and other	16,036,382,346	779,567,659,116	(763,531,276,770)

The budget amounts and the financial statement amounts are prepared on a different basis. The statement of comparison of budget and actual amounts above is prepared on the same basis as the budget.

Budgeted compared to actual spend is only required to be disclosed by IPSAS 24 when budgets are publicly available, Nigeria Railway Corporation has chosen to disclose this information voluntarily to enhance the transparency of its financial statements and the accountability of management for delivering the corporation service.

	Original and Final Budget	Actual Comparative Basis	(Adverse)/ Favourable
	₦	₦	₦
INTERNALLY GENERATED REVENUE (IGR)			
Income from Passenger Services	3,503,445,231	1,823,823,880	(1,679,621,351)
Income from Freight	1,100,000,000	128,033,993	(971,966,007)
Income from Other Sources	601,171,418	609,554,914	8,383,496
	5,204,616,649	2,561,412,787	(2,643,203,862)

1 General Information

Nigerian Railway Corporation is domiciled in Nigeria. The Headquarter is located at Oke - Ira Road, Ebute Meta, Lagos State. The principal activities of the Corporation is the provision of transportation of goods and services to Nigerians.

2 Statement of Compliance with IPSAS

These financial statements for the year ended 31 December, 2021 have been prepared in accordance with International Public Sector Accounting Standards.

3 Summary of Significant Accounting Policies

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

3.1 Basis of Preparation

The Financial Statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs). The Financial Statements have been prepared under the Historical Cost convention. The financial statements have been prepared in Nigerian Naira (₦) being the local functional currency.

The preparation of Financial Statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgment in the process of applying the Hospital's accounting policies. Changes in assumptions may have a significant impact on the Financial Statements in the period the assumptions changed. Directors believe that the underlying assumptions are appropriate and that the corporation Financial Statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 4.

The Financial Statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, Statement of Comparison of Budget & Actual and the Notes.

3.1.1 Going Concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention.

NIGERIAN RAILWAY CORPORATION

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

3.1.2 Changes in Accounting Policy Contd.

Accounting Standards and Amendments issued but not yet adopted

Standards issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing is of standards and interpretations issued, which the Corporation reasonably expects to be applicable at a future date. The Corporation intends to adopt those standards when they become effective.

IPSAS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IPSAS 28	Financial Instruments-Presentation	To prescribe principles for classifying and presenting financial instruments as liabilities or net assets/equity, and for offsetting financial assets and liabilities.	January 1, 2022	This standard will have an impact on the Corporation's Financial Statements
IPSAS 29	Financial Instruments-Recognition and measurement	To establish principles for recognizing, derecognizing, and measuring financial assets and financial liabilities.	January 1, 2022	This standard will have an impact on the Corporation's Financial Statements.
IPSAS 30	Financial Instruments-Disclosures	To prescribe disclosures that enable financial statement users to evaluate the significance of financial instruments to an entity, the nature and extent of their risks, and how the entity manages those risks.	January 1, 2022	This standard will have an impact on the Corporation's Financial Statements.

NIGERIAN RAILWAY CORPORATION

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

Changes in Accounting Policy (Contd.)

3.2 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency and presentation currency of Nigerian Railway Corporation is the Nigerian Naira (₦).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Corporation's functional currency are recognized in the foreign exchange gain in profit or loss.

3.3 Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Property, Plant and Equipment are initially recorded at cost ; cost includes all costs necessary to bring the asset to working condition for its intended use, it also include costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

Items of Property, Plant and Equipment are recognised as asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation rate:

Land and Survey	Nil
Building	25 years (4%)
Culvert and Bridges	25 years (4%)
Water Supply	33.33 years (0.33%)
Permanent Ways	33.33 years (0.33%)
Signals	10 years (10%)
Locomotive, Coaches and Wagons	25 years (4%)
Plant and Machinery	5 years (20%)
Computer	4years(25%)
Motor Vehicles	4years(25%)
Law Books	5years(20%)

Depreciation method applied is reviewed at the end of each financial year, and adjusted to reflect any significant change in the expected patterns of consumption of the future economic benefit embodied in the assets.

Depreciation is not provided on items of property, plant and equipment until they are available for use.

An item of Plant, Property and Equipment is derecognised when it is disposed or when no future economic benefit is expected from its use or disposal. The assets residual value, useful lives and methods are reviewed, and adjusted if appropriate at each financial year end.

Building work in progress are stated at cost and not depreciated until they are ready for intended use. Cost attributed to work in progress comprises contractor's payments and directly attributable cost incurred in preparing these assets for their intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the income statement.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets

Software

In accordance with criteria set out in IPSAS 31 – “Intangible assets”, intangible assets are recognised only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the corporation and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software, mineral rights, as well as certain development costs that meet the IPSAS 31 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives. Amortization expense is recorded in Direct Cost or administrative expenses, based on the function of the underlying assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.5 Financial Assets

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

3.5.1 Classification

Management determines the classification of its financial instruments at initial recognition.

The Corporation classifies its financial assets in the following categories: fair value through profit or loss, other comprehensive income, amortised cost, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

The Corporation did not own any financial assets that can be classified as fair value through profit and loss financial assets during the periods presented in these financial statements.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Non-Current Assets held for Sale Financial Assets

Non current assets-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

3.5.2 Recognition and Measurement

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost using the effective

Changes in the fair value of monetary and non-monetary securities classified as FVTOCI are recognised in other comprehensive income.

When securities classified as fair value through other comprehensive income, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Gains and losses from investment securities

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5.3 De-recognition of financial assets: Financial asset or, when applicable, a part of a financial asset or part of a corporation of similar financial assets is derecognised when the rights to receive cash flows from the asset have expired or when it transfers the financial asset and substantially all the risks and reward of ownership of the asset to another entity. If the corporation neither transfers nor retains substantially all risks and rewards of ownership, and still controls the transferred asset, the corporation recognizes its retained interest in the asset and associated liability for amounts it may have to pay.

3.5.4 Impairment of Financial Assets: The Corporation assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing financial difficulty, default in interest or principal payments, or the probability that the debtor will go bankrupt or where there is an indication of a decrease in the estimated future cash flows.

For receivables, prepayments & related party transactions, the amount of the loss is measured as the difference between the carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced and the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be seen to be as a result of an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

3.6 Financial Liabilities

Financial liabilities at amortized cost include trade and other payables, bank overdraft and long-term loan.

3.6.1 Classification: The Corporation's financial liabilities are trade and other payables and borrowings.

3.6.2 Recognition and Measurement

Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Bank debt and long-term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

3.6.3 Derecognition of Financial Liabilities: A Financial Liability is derecognised when the obligation under the liability is discharged or cancelled or expired. The difference between the carrying value of the financial liabilities derecognised and the consideration paid, and payable is recognized in the profit or loss.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

Net Realisable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

3.8 Trade Receivables

A provision for impairment of trade receivables is established when there is objective evidence that the corporation will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. The recoverable amount, if the receivable is more than one year is equal to the present value of expected cash flows, is discounted at the market rate of interest applicable to similar borrowers. The amount of the provision is recognized as an expense in profit or loss.

3.9 Cash, Cash Equivalents and Bank Overdrafts

Cash and cash equivalents include cash at hand and deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

3.10 Capital Funds and Reserves

3.10.1 Capital Funds: This is the initial cash and asset contributed by Government and other government entities.

3.10.2 Accumulated Fund: It represents amount set aside out of surplus of the Corporation, it is applicable for meeting contingencies or maintenance of any works connected with the business of the corporation based on the discretion of the directors.

3.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.12 Revenue Recognition

Revenues are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue from non-exchange transactions

These are transactions that are not exchange transactions. In a non exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers from other government entities

The entity recognises revenue from subventions and grants received from federal government. These subventions and grant are used for the payment of personnel salaries & wages and to carry out overheads expenses.

Revenue from exchange transactions

These are transactions in which one entity receives assets or services and directly gives approximately equal value (primarily in form of cash, goods, services, or use of assets) to another entity exchange.

3.12.1 Rendering of services

The entity recognizes revenue from rendering of services ("carriage of passengers and goods in the manner that will offer full value and quality of service, ensure safety of operations and maximum efficiency ,meet social responsibility in a manner that will meet the requirements of rail users, trade, commerce and the general public) by reference to the completion when the outcome of the transaction can be estimated reliably.

3.13 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Exchange Limited) and broker quotes from the Financial Markets Dealers Quotation (FMDQ) website.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Some indications that a market is inactive include when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position. In very rare cases where fair value could not be determined, the instruments are carried at cost.

3.14 Employee Benefits

3.14.1 Defined Contributory Pension Scheme

The Corporation operates a defined contributory pension scheme for its employees. The scheme which is funded by contribution from employees at 8% of its pensionable income while the company contributes 10% of the pensionable emoluments which is consistent with the provisions of the Pension Reform Acts, 2014 as amended.

Payments to the defined contributory retirement schemes are charged to the Statement of Financial Performance Income in the period for which they fall due and are payable.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER, 2021

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Related Parties Disclosures

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operating decisions. Related parties include:

- (i) Entities over which the Corporation exercises significant influence.
- (ii) Shareholders and key management of the Corporation.
- (iii) Close family members of Key Management Personnel
- (iv) Post-employment benefit plan which is for the benefit of employees of the Corporation or of any entity that is a related party of the Corporation.

Key Management Personnel comprise of the Board of Director and key members of management having authority and responsibility for planning, directing and controlling the activities of the Corporation.

The Corporation enters into transactions with related parties at arm's length. Prices for transactions with related parties are determined using the current market price or admissible valuation methods.

3.16 Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

The annual budget figures included in the financial statements are for the entity. These budget figures are those approved by the governing body both at the beginning and during the year.

4 RISK MANAGEMENT PHILOSOPHY

Nigerian Railway Corporation's Risk Management Philosophy is drawn from its mission statement and seeks to enrich the financial well-being of its stakeholders, while committing to the following key indices:

- * Professionalism while delivering value to the customers;
- * Good Corporate Governance;
- * Strong Performance reporting;
- * Consistent appreciation in shareholders' value;

4.1 RISK MANAGEMENT FRAMEWORK

Nigerian Railway Corporation's Risk Management policies are established to identify and analyse the risks (market risks, credit risk, liquidity risks, foreign exchange risks, internal operation risks) faced by the Corporation, to set appropriate risk limits and controls, to monitor risks and adherence to limits. These policies are reviewed at least once in two years, but more frequent reviews may be conducted in the opinion of the Board most especially when changes in laws, regulations, market conditions or in the Corporation's activities are material enough to impact on the continued adoption of the existing risks policies. The Corporation through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework via its Board Management Committee. The Corporation is majorly exposed to the following risks:

4.1 RISK MANAGEMENT FRAMEWORK (CONTD.)

(a) **MARKET RISK:** The possibility for a Corporation to experience losses due to factors that affect the overall performance of the markets. Market risk, also called "systematic risk," cannot be eliminated through diversification, though it can be hedged against. The risk that a major natural disaster will cause a decline in the market as a whole is an example of market risk. Other sources of market risk include recessions, political turmoil, changes in interest rates, foreign exchange rates and terrorist attacks. The Corporation manages its exposure to these risks by:

- * Setting limits and controls, and ensure that these limits and controls are adhered to by the Corporation.
- * Taking adequate caution when dealing with government institutions or politically exposed persons (PES)
- * Conducting background checks on employees, customers, and suppliers to ensure all parties the corporation associates with are not doing anything illegal.
- * Putting in place adequate Health Safety and Environment trainings and ensuring that all employees participate.

(b) **LIQUIDITY RISK:** Liquidity risk is the current and future likelihood of NIGERIAN RAILWAY CORPORATION 's inability to meet its obligations when they fall due without incurring additional costs or unacceptable losses. It also means the likelihood of inability to recognise and address changes in market conditions that affect its ability to liquidate assets quickly with minimal loss in value. Typically, the industry we operate exposes us mostly to liquidity risk arising from non-settlement of accounts by our customers as at when due, and at the same time our suppliers want to render services on cash and carry basis. High interest rates discourage one to take the option of approaching banks for funds.

The Corporation manages its exposure to liquidity risks thus:

- * Maintaining minimum levels of liquid and near money assets.
- * Monitoring its cash flow and financial position trends. The Corporation also makes forecasts of anticipated income and expenditure to determine their potential effects on the Corporation.
- * Regular measurement and monitoring of its liquidity position and ratios.
- * Monitoring of cash concentration and diversification of funding sources.
- * Effective creditor / customer relationship management resulting in low debtors collection period and extended creditors payment period

(c) **CREDIT RISK:**

The Corporation defines Credit Risk as the risk of counterparty's failure to meet the terms of any credit sales or services with the Corporation or otherwise to perform as agreed. This arises when the Corporation's funds are extended beyond its due date for collection. Rendering of services on credit is one of the ways we conduct our business in order to achieve targets, keep existing customers and endear the prospective ones. This practice has its attendant risk (Credit Risk). We recognise this and have placed commensurate emphasis on effective management of our exposure thus:

- * Formulating credit policies for the Corporation, covering credit worthiness and assessment.
- * Systematic and non-direct collateral requirement when credit is to be offered most especially to new customers/patients
- * Establishing authorisation structure for granting credits
- * Risk grading and legal procedure backup to discourage wilful default
- * Effective debt management by ensuring customers keep to their commitment to settle account as agreed.

NIGERIAN RAILWAY CORPORATION

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 2021

(d) **OPERATIONAL RISK:** The Corporation defines Operational Risk as risks of direct or indirect loss arising from inadequate or failed internal process, people and systems or from external events. It requires reviews and monitoring of all strategies and initiatives deployed in the Corporation's people management, process improvements and engineering, technology investment and deployment, management of all regulatory responsibilities and response to external threats and expectation gaps. The Corporation mitigates against these by:

- * Frequent assessment of performance and obtaining feedback to curtail expectation gaps.
- * Frequent in-house trainings for employees to up their skills and professionalism to keep smooth flow of system going
- * Business continuity and reputation management.
- * Strategising to ensure confidentiality, availability and integrity of the Corporation's information.
- * Putting in place contingency plans for specific risks and laying down the principle on how operational risks incidents are to be identified and controlled.
- * Monthly operational risk report that highlight key operational risks are circulated for awareness and timely implementation of mitigation strategies

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgment and estimate made in the preparation of the financial statements is shown below:

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD')

Plant and machinery

Plant and machinery is depreciated over its useful life. Nigerian Railway Corporation estimates the useful lives of plant and machinery based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

Plant and Machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence.

It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

Impairment of property, plant and equipment

The Entity assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Entity's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions over the remaining useful life of the cash flow generating assets.

Impairment on Trade Receivable

The Corporation assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the corporation makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial assets.

NIGERIAN RAILWAY CORPORATION

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER, 2021**

6. PROPERTY, PLANT AND EQUIPMENT

	Land & Survey		Building		Colverts & Bridges		Water Supply		Permanent Ways		Signals and Communications		Locomotives, Coaches and Wagons		Motor Vehicle		Plant and Machinery		Computer		Furniture and fittings		Capital WSP		Total		
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
COST																											
As at 1 January, 2021	6,321,808,802	81,576,640,237	150,131,828,055	470,441,754	256,041,683	3,545,913,870	1,063,628,141	344,258,112	81,201,890,140	103,512,875	19,329,874,841	88,148,855	6,417,570,603	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	1,000,316,689,060		
Additions	-	-	4,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,344,838,795		
Transfer to/from Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
As at 31 December, 2021	6,321,808,802	81,576,640,237	150,131,828,055	470,441,754	256,041,683	3,545,913,870	1,063,628,141	344,258,112	81,201,890,140	103,512,875	19,329,874,841	88,148,855	6,417,570,603	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	1,012,661,528,855		
COST																											
As at 1 January, 2020	685,125	35,598,184,313	1,532,484,413	17,069,281	118,896,850,184	7,323,479,314	44,777,850,864	103,512,875	7,695,040,662	11,634,834,179	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	220,749,030,464
Additions	6,321,343,677	45,978,455,924	148,599,343,642	26,223,687	72,115,130,247	17,839,830,506	46,924,278,178	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	88,148,855	779,567,859,116
As at 31 December, 2020	6,321,808,802	81,576,640,237	150,131,828,055	470,441,754	256,041,683	3,545,913,870	1,063,628,141	344,258,112	81,201,890,140	103,512,875	19,329,874,841	88,148,855	6,417,570,603	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	134,873,825	179,138,256	134,528,879	25,787,485,488	1,000,316,689,060		
DEPRECIATION																											
As at 1 January, 2021	-	15,278,236,738	29,802,931,201	3,407,897	25,414,011,658	12,410,300,567	13,130,533,199	83,403,469	5,914,620,826	17,792,223,258	82,106,013	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	113,007,382,000
Charge for the year	-	3,263,065,612	6,005,273,122	8,980,039	5,785,795,987	2,622,703,797	3,683,843,985	5,254,395	1,631,165,693	17,746,635	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	35,837,651	33,047,568,907
As at 31 December, 2021	-	18,541,302,350	35,808,204,323	12,387,936	31,199,717,645	15,033,004,364	15,803,179,184	108,766,864	7,568,776,521	19,413,888,951	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	99,851,638	136,054,930,907
DEPRECIATION																											
As at 1 January, 2020	-	4,560,233,368	202,817,407	2,109,056	11,671,797,716	2,951,960,109	6,871,883,333	83,403,469	5,914,620,826	17,792,223,258	82,106,013	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	17,792,223,258	32,316,737,625
Charge for the year	-	3,381,241,166	6,005,273,122	1,298,841	6,127,656,066	2,516,340,982	3,680,756,614	20,109,000	2,910,643,940	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	21,153,446	34,651,792,077
Disposal/Adjustment	-	7,336,762,184	23,594,800,672	-	7,614,557,876	6,941,999,476	1,560,574,252	-	8,966,358,492	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	3,019,346	56,038,732,398
As at 31 December, 2020	-	15,278,236,738	29,802,931,201	3,407,897	25,414,011,658	12,410,300,567	12,120,533,199	103,512,875	7,624,379,468	17,792,223,258	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	82,106,013	113,007,382,000
CARRYING AMOUNT																											
As at 31 December, 2021	6,321,808,802	63,035,337,887	114,794,065,486	286,946,714	163,359,176,655	11,194,033,597	76,243,179,468	15,767,067	6,334,056,493	35,121,888	6,334,056,493	35,121,888	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	876,066,687,458	
As at 31 December, 2020	6,321,808,802	66,298,403,499	120,328,896,854	39,885,071	165,598,968,773	12,753,109,253	79,581,357,141	406	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	6,334,056,493	887,109,427,580	

6.1 Depreciation charged for the year were allocated amongst the cost centres.

6.2 Impairment losses recognised in the year

There were no impairment losses recognised during the year

6.3 Collateral

No items of property, plant and equipment were held as lien for Borrowings from the Federal Government or any other third party (Domestic and International)

6.4 Building Work in Progress

Capital work-in-progress represents assets under construction which are not subject to depreciation. These assets, after completion of construction will be reclassified to the appropriate class of property, plant and equipment.

6.5 Depreciation charged for the year

	2021	2020
	N	N
	23,047,568,907	24,651,792,077

Depreciation expense charged for the year is included in administrative expense.

NIGERIAN RAILWAY CORPORATION

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
7 FINANCIAL ASSETS	₦	₦
Investment in Railway Property Management Company Limited	<u>18,279,000</u>	<u>18,279,000</u>
8 BANK BALANCES		
Central Bank of Nigeria (CBN)	<u>499,982,048</u>	<u>12,306,301,784</u>
	499,982,048	12,306,301,784

The Corporation did not pledge part of its short-term deposits in order to fulfil collateral requirements with any banks. For the purpose of the statement of cash flow, cash and cash equivalents comprises of: cash in hand and at bank

9 CAPITAL AND OVERHEAD ACCOUNT

GIFMIS Capital Account	17,583,568,381	-
GIFMIS Overhead Account	<u>105,400,000</u>	-
	17,688,968,381	-

10 INVENTORIES

Stores	3,170,900,859	3,244,816,572
Medical	1,986,746	672,119
Diesel	122,482,538	16,750,055
Engineering Equipment and Tract Tools	<u>140,800</u>	<u>140,800</u>
	3,295,510,943	3,262,379,546

- 10.1** In compliance with IPSAS 12, Inventories have been stated at the lower of cost and net realisable value. The cost of the inventories recognised as expense and included in the supplies and consumables amounted to N3,295,510,943 (2020: N3,262,379,546)

11 TRADE & OTHER RECEIVABLES

11.1 TRADE & OTHER RECEIVABLES - EXCHANGE TRANSACTION

	2021	2020
Trade & Other Receivables	₦	₦
Trade Receivables (Freight)	<u>-</u>	<u>153,225,055</u>
	-	153,225,055
Other Receivables		
Prepaid Insurance	<u>234,098,826</u>	<u>225,340,785</u>
	234,098,826	225,340,785
TOTAL TRADE & OTHER RECEIVABLE	234,098,826	378,565,840

All trade and other receivables are recoverable and are also short term in nature. Trade Receivable relates to freight bill outstanding as at reporting period.

No provision for impairment has been made on the trade receivables as they are recoverable and more so, the trade receivables age analysis is within 30-60 days. Though some of the receivables are due but not impaired. Management ensures that periodical review of its credit risk are assessed for any potential risk of default. See note (4c) for further information on the corporation's credit risk framework.

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021	2020
	₦	₦
12 TRADE AND OTHER PAYABLES		
12.1 TRADE AND OTHER PAYABLES - EXCHANGE TRANSACTION		
Trade Creditors	-	7,923,320
Contract payables	-	1,311,630,218
Retention	943,679,780	1,020,951,997
	<u>943,679,780</u>	<u>2,340,505,535</u>
12.2 TRADE AND OTHER PAYABLES - NON-EXCHANGE TRANSACTION		
Pay as you earn (PAYE)	-	695,770,452
Withholding tax	213,826,098	712,911,884
Value added tax	9,488,067	31,819,728
Audit fees	30,249,974	23,000,000
Stamp duty	5,123,789	17,098,854
Accrued Liability	46,578,171	74,552,283
Total	<u>305,266,098</u>	<u>1,555,153,201</u>
Total Trade and Other Payables	<u>18,859,926,568</u>	<u>13,341,110,736</u>

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021	2020
	₦	₦
13 CAPITAL RESERVES	50,826,253	50,826,253
Arising in connection with the vesting of former Government Railway undertaking on 1st October, 1955 in the Corporation.		
14 FEDERAL GOVERNMENT CAPITAL GRANT		
Balance brought forward	9,445,452,000	-
Total Capital Receipts	21,749,000,000	20,422,566,835
Actual utilisation for the year transferred to FGN Fund (Note 18)	(13,583,471,311)	(10,977,114,835)
Balance carried forward	17,610,980,689	9,445,452,000
<i>Other reserves relates to un-utilised capital grant received.</i>		
15 ACCUMULATED REVENUE FUND		
Balance brought forward	(113,678,682,185)	(32,507,362,677)
Adjustment due to restatement	-	(51,045,983,209)
Transfer from Statement of financial Performance	(28,669,641,736)	(30,125,336,299)
Balance carried forward	(142,348,323,921)	(113,678,682,185)

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021 N	2020 N
16 FEDERAL GOVERNMENT LOANS	3,533,731,784	3,533,731,784

16.1 During the year 1960-1961, the Corporation borrowed N8,680,000 from the Federal Government and issued fixed interest stock secured (pari passu with stocks referred to in note 7 above) by charge upon all the property, undertakings and revenue of the Corporation. The stock bears interest of 6% per annum for 25 years commencing in 1961 on full nominal amount of stock. It is to be redeemed by annual payments due to commence at a date to be fixed later (1961) and equal to 3% of the full nominal amount for a period of 22 years at the expiration of which the stock will be deemed to have been extinguished. At its option, the Corporation may redeem the stock prior to the expiration of the period of 22 years.

During the years 1961-1962, the Corporation borrowed N6,578,000 from Federal Government on terms similar to those in 16.1 above, save that redemption was due to have commenced on October 1, 1964

During the years 1962-1963, the Corporation borrowed N6,000,000 from Federal Government on terms similar to those in 16.1 above, save that redemption was due to have commenced on October 1, 1965.

During the years 1963-1964, the Corporation borrowed N2,000,000 from Federal Government on terms similar to those in 16.1.

During the years 1966-1967, the Corporation borrowed N776,000 from Federal Government on terms similar to those in 16.1 above, save that date for the commencement of redemption has not been fixed.

16.2 5.5% Loan from the Federal Government of Nigeria

During the year 1959-1960, the Corporation borrowed N2,000,000 from the Federal Government and issued fixed interest stock which was secured pari passu with the stock referred to in note 12, by charge upon all the property, undertaking and revenue of the Corporation. The stock bears interest at 5.5% per Annum for 25 years, commencing in 1990 on the full nominal amount stock, it is to be redeemed by annual payments due to have commenced on October 1, 1962 and equal to 2% of which the stock will be deemed extinguished. The first repayment has not yet been made as the Federal Government has agreed in principle to grant a moratorium to the Corporation for a limited time not yet decided. At this option, the Corporation may redeem the stock prior to expiration of the period of 22 years.

From 1965, the Federal Government of Nigeria has paid annually and on behalf of the Corporation, the instalment on foreign loan and the relative servicing charges due.

17 DEBT MANAGEMENT OFFICE (DMO) LOAN

	2021 N	2020 N
Principal	12,500,000,000	12,500,000,000
Interest	14,375,000,000	14,375,000,000
Penalty Charges	23,494,245,934	18,858,308,434
TOTAL	50,369,245,934	45,733,308,434

In year 2009 the Federal Ministry of Transport secured a loan of N12,500,000,000 on behalf of the Nigeria Railway Corporation from the Debt Management Office (DMO) to bridge the funding gap required for acquisition of 25 new locomotives. The loan is a period of 10 years (inclusive of 3 years moratorium) at an interest rate of 11.5% per annum.

The accumulated interest and penalty on the loan up to December 31, 2021 is as stated above

	2021 N	2020 N
18 LOANS FROM CHINA GOVERNMENT		
Abuja - Kaduna Railway Line	256,309,506,929	256,309,506,929
Lagos - Ibadan Railway Line	365,608,254,196	365,608,254,196
	621,917,761,125	621,917,761,125

This represents 85% of the various interim payment certificates in respect of railway modernisation projects

19 FEDERAL GOVERNMENT FUND

	2021 N	2020 N
Balance brought forward	332,376,897,603	206,063,825,273
Add : Movements during the year		
Abuja to Kaduna Railway project	-	45,231,089,458
Lagos to Ibadan Railway project (Capital W.I.P)	-	64,519,103,682
Consultancy services to TEAM	-	5,585,764,355
Capital Receipts from FGN (Note 13)	13,583,471,311	10,977,114,835
	345,960,368,915	332,376,897,603

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER, 2021

- 19 Nigerian Government Fund relates to investments made by the Federal Government of Nigeria towards actualising the Railway modernisation projects.
- The government through the Federal Ministry of Transportation entered into some agreements with the Chinese Civil Engineering and Construction Company (CCECC) for construction of standard gauge railway line from Lagos to Kano.
- The project was later broken down into phases. Contracts have been awarded for some of the projects while contract negotiation for the remaining phases are on-going.
- 20 Lagos - Kano Railway Project
- 20.1 Abuja - Kaduna Railway Project
- The phase of the project was awarded to CCECC. It was completed and commissioned in 2016. Amount spent on the railway project was N1,540,596,387.20 (US\$942,314,363.71). This was funded through the Chinese Loan and counterpart funding by Federal Government of Nigeria through the Federal Ministry of Transportation. The implementation of this project was done by the FMOT.
- 20.2 Lagos - Ibadan Railway Project
- This project covers Lagos to Ibadan standard gauge railway line with a spur to Apapa Sea Port. It was awarded to CCECC and was covered under the four (4) different agreements. The total cost of the project per the agreements is US\$2,238,659,586.35 out of which the sum of US\$1,344,147,993.37 had been drawn at year end.
- The payment so far made on this project was reflected in the financial statements for the year as Capital Work in Progress as the project was uncompleted at December 31, 2021.
- 20.3 Kaduna - Kano Railway Project
- This project was flagged off in year 2021 and it was also awarded to CCECC.
- 20.4 Ibadan - Railway Project
- Contract Negotiation for this project is on-going as at the time of this report.
- 20.5 Wami - Itakpe Railway Projects
- This project was conceptualised as part of Ajaokuta Steel Project but was abandoned for so many years.
- Under this current administration, it was converted into a commercial rail line for carriage of passengers and cargoes. The conversion cost which was done through the Federal Ministry of Transportation is yet to be incorporated in this financial statements.
- 20.6 Port Harcourt- Maiduguri Railway Project
- In November 2020, the Federal Government of Nigeria through the Federal Ministry of Transportation entered into an agreement with the CCECC for rehabilitation and reconstruction of the Port Harcourt to Maiduguri narrow railway line with new branch lines at a cost of US\$3,020,279,549.
- The project is to be financed through a commercial loan of US\$2,567,237,616.65 while the Federal Government counterpart funding will be US\$53,041,932.35.
- 20.7 Kano - Maradi Railway Project
- This project was flagged off also in year 2021 and it was awarded to a Portuguese company - Mota - Engil Group (Multinational Engineering and Construction Company).

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021	2020
	N	N
21 REVENUE FROM NON-EXCHANGE TRANSACTION		
Subvention - Overhead	105,400,000	64,058,781
Subvention - Personnel	8,104,955,465	7,099,773,935
	<u>8,210,355,465</u>	<u>7,163,832,716</u>
22 REVENUE FROM EXCHANGE TRANSACTION		
Other Income from Exchange Transaction includes:		
Income from Passengers	5,730,583,868	1,823,823,880
Income from Luggage, Parcel and Country Product	7,571,946	-
Income from General Goods - Freight	288,011,126	128,033,993
Income from Sundries(IGR) (See Note 22.1)	181,830,298	609,554,914
	<u>6,207,997,239</u>	<u>2,561,412,787</u>
22.1 Major items included in sundries (IGR) are the following:		
Dividend	-	313,000,000
NHIS Income	181,830,298	138,145,798
Non-operational income	-	158,409,116
	<u>181,830,298</u>	<u>609,554,914</u>
22.2 Appropriation includes Internally Generated Revenue, below are the stream of revenue		
Passengers	5,730,583,868	1,823,823,880
Luggage, parcel and country product	7,571,946	-
General goods - Freight	288,011,126	128,033,993
Sundries (IGR) (note 22.1)	181,830,298	609,554,914
	<u>6,207,997,239</u>	<u>2,561,412,787</u>
22.3 Transferred to Consolidated Revenue Fund	<u>1,396,203,029</u>	<u>420,464,003</u>

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER,

	2021 N	2020 N
23 PERSONNEL EMOLUMENT		
Basic Salary and Other Allowance	7,957,887,950	6,394,026,146
Non Regular Allowances	53,485,886	38,480,949
NHIS	77,996,349	315,044,175
Contributory Pension	15,585,280	472,566,262
Salaries and Allowances (Casual/Contract)	56,062,650	-
Overtime Payments (Incentives)	14,738,285	-
Death Benefits (Burial Expenses)	25,856,829	-
	<u>8,201,613,229</u>	<u>7,220,117,532</u>
23.1 PERSONNEL EMOLUMENT BY MODE OF PAYMENT		
Paid through IPPIS		
- Salaries	7,957,887,950	6,340,582,557
- Allowances	53,485,886	26,236,284
- NHIS	77,996,349	260,388,832
- Contributory Pension	15,585,280	472,566,262
	<u>8,104,955,465</u>	<u>7,099,773,935</u>
Paid through Nigerian Railway Corporation	96,657,764	120,343,596
	<u>8,201,613,229</u>	<u>7,220,117,531</u>
24 SUPPLIES AND CONSUMABLES		
Fuel, Lubricants & Power	2,146,306,718	1,076,968,634
Tools, Plant, Materials and Spare Parts	507,099,275	521,076,982
Other Consumable Store	49,295,864	63,232,466
Transportation of Consumables	14,945,868	14,653,802
	<u>2,717,647,724</u>	<u>1,675,931,884</u>
25 ADMINISTRATIVE AND GENERAL OVERHEADS		
Bank Charges	4,467,699	1,485,227
Printing, Postage and Courier	12,024,120	-
Recruitment and Appointment (service wide)	2,552,500	-
Water	12,603,882	3,262,200
Electricity Charges	259,641,247	112,993,847
Travel and Transport	346,677,094	158,977,457
Sanitation / Waste Management	417,669,950	26,894,782
Uniform and Other Clothings	21,318,919	121,775,136
Damages by Accidents	809,000	10,844,795
Rent - Staff	-	90,000
Magazines and Periodicals	3,688,370	1,324,350
Publicity & Advertisements	70,195,600	22,801,821
General expenses /others	51,234,565	47,776,226
Overseas Tours	55,378,367	4,047,000
Staff Welfare Packages	29,197,113	8,498,252
Telephone Expenses	19,282,932	7,973,840
Monitoring Activities and Follow up	12,948,000	8,088,822
Security Services	236,652,737	57,031,119
Commercial Entertainment	27,684,763	8,341,069
Local Training / Manpower Development	34,714,800	9,720,053
International Training Expenses	458,200	-
Union African Railway Expenses	450,000	200,000
Covid-19 Expenses	-	9,692,086
Legal Consultancy and Professional Services	193,401,821	107,158,002
Audit Fees	30,249,974	23,000,000
Insurance Premium	10,142,983	57,648,102
Maintenance of Furniture and Equipment	39,632,592	14,364,450
Maintenance of Motor Vehicle / Transport Equipment	39,636,571	155,073,383
Maintenance of Office Building / Residential	364,283,378	-
	<u>2,296,997,177</u>	<u>979,062,019</u>

NIGERIAN RAILWAY CORPORATION

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER, 2021**

	2021	2020
	N	N
25 ADMINISTRATIVE AND GENERAL OVERHEADS (CONTINUED)		
<i>Balance brought forward</i>	2,296,997,177	979,062,019
Maintenance of Plant and Generator /Railway	142,492,892	-
General Maintenance	289,025,134	-
Motor Vehicle Running Expenses	11,376,950	19,185,498
ICT / Internet Access Charges	25,422,197	17,871,162
Honorarium and Sitting Allowance	117,374,110	74,938,506
Cost of Operation	55,563,068	-
Office Stationeries and Computer Consumables	101,537,289	54,838,976
Medicals	49,235,236	100,442,645
Total Recurrent Expenditure	<u>3,089,024,053</u>	<u>1,246,338,806</u>
25.1 Depreciation	<u>23,047,568,904</u>	<u>24,651,792,077</u>
	<u>23,047,568,904</u>	<u>24,651,792,077</u>
26 FINANCE COST		
Interest on Loan	<u>4,635,937,500</u>	<u>4,635,937,500</u>
27 CAPITAL EXPENDITURE		
Construction and Rehabilitation of Culvert and Bridges	470,441,754	148,599,343,642
Rehabilitation of Stations and other Railway Buildings	-	45,978,455,924
Various Track Rehabilitation Projects	3,545,913,870	72,116,130,247
Upgrading of Signaling and Telecom System	1,063,628,141	17,839,930,506
Water Supply	256,041,683	26,223,687
Procurement and Rehabilitation of Locomotives and Rolling Stock	344,259,312	46,924,239,376
Motor Vehicle	21,015,995	-
Plant and Machinery	6,417,570,603	11,634,834,179
Computer	46,829,170	-
Furniture and Fittings	179,138,256	-
Environmental Management	-	6,321,143,677
Capital Works in Progress	-	430,127,357,878
Total Capital Expenditure	<u>12,344,838,785</u>	<u>779,567,659,116</u>

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER, 2021

28 DIRECTORS AND EMPLOYEES

Employees, other than Directors whose services were wholly or mainly discharged in Nigeria, received emoluments in the following ranges.

	2021	2020
Staff costs relating to the above were:		
Staff Cost	7,957,887,950	6,394,026,146
Medicals	49,235,236	100,442,645
Staff Welfare Packages	29,197,113	8,498,252
Uniform Allowance	21,318,919	121,775,136
	<u>8,057,639,219</u>	<u>6,624,742,179</u>

29 RELATED PARTY DISCLOSURES

Key Management Personnel

Key management personnel includes: members of the Nigeria Railway Corporation board of directors and its Top management committee. Executive directors are included in the definition of key management personnel as required by IPSAS 20 Related Party Disclosure. The definition of key management includes the close, members of family of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to influence, or be influenced by that person in their dealings with the company. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or

Key management personnel compensation

Key management personnel compensation for the year comprised:

	2021 Number	2020 Number
Directors	25	25
Aggregate number of senior management	8	8
	<u>33</u>	<u>33</u>

NIGERIAN RAILWAY CORPORATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER, 2021

GUARANTEES, COMMITMENT & OTHER REPORTING MATTERS

30 GUARANTEES

The Corporation did not charge any of its assets to secure liabilities of third parties.

30.1 CONTINGENT LIABILITIES

There are no material contingent liability other than in the normal course of business that is required to be disclosed in the financial statements .

30.2 COMMITMENTS

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these Financial Statements.

30.3 CAPITAL COMMITMENTS

The Corporation had capital commitments as at 31 December 2021 as disclosed in note 16.

30.4 COMPLIANCE WITH REGULATORY AUTHORITIES

There were no penalties for non-compliance matters with respect to regulatory bodies that came to our knowledge for the year ended 31 December 2021.

31 EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the year end and the date on which the financial statements are authorized for issue.

32 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 29/6/2022, 2022.

NIGERIAN RAILWAY CORPORATION

VALUE ADDED STATEMENT (NON-IPSAS) FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021		2020	
	N		N	
Total Revenue	14,418,352,704		9,725,245,503	
Less: Bought-in-Materials & Services	(7,202,874,804)		(3,342,734,693)	
Value Added	7,215,477,900	100	6,382,510,810	100
Applied as follows:				
To pay Employees:				
Staff Cost	8,201,613,229	114	7,220,117,532	113
To Providers of Capital				
Interest on loan	4,635,937,500	64	4,635,937,500	73
To provide for change of Asset and Expansion:				
Depreciation	23,047,568,907	319	24,651,792,077	386
Excess of Income over Expenditure				
Net Deficit	(28,669,641,736)	(397)	(30,125,336,299)	(472)
Value Added	7,215,477,900	100	6,382,510,810	100

Value added represents the additional wealth which the Corporation has been able to create on its own and by its employees' efforts. This statement shows the allocation of that wealth among employees, provision for change of assets/expansion and that which is retained for future creation of more wealth.

NIGERIAN RAILWAY CORPORATION

FIVE YEAR FINANCIAL SUMMARY (NON-IPSAS)
FOR THE YEARS ENDED 31 DECEMBER,

	2021	2020	2019	2018	2017
	N	N	N	N	N
Capital Fund					
Capital Reserve Fund	50,826,253	50,826,253	50,826,253	50,826,253	50,826,253
Federal Government Capital Fund	17,610,980,689	9,445,452,000	-	-	-
Accumulated Deficit	(142,348,323,921)	(113,678,682,185)	(23,141,342,518)	(21,182,414,815)	(21,960,088,348)
Net Asset	(124,686,516,979)	(104,182,403,932)	(23,090,516,265)	(21,131,588,562)	(21,909,262,095)
Non-Current Asset					
Receivables	876,624,976,458	887,327,706,580	188,450,551,839	191,240,486,253	195,168,389,150
Inventory	234,098,826	378,565,840	194,926,791	165,404,821	167,810,544
Bank and Cash Balances	3,295,510,943	3,262,379,546	2,416,609,771	2,408,130,282	2,403,067,238
Capital and Overhead Account	499,982,048	12,306,301,784	10,968,328,986	4,717,520,293	1,083,526,553
Current Liabilities	17,688,968,381	-	-	-	-
Non-Current Liabilities	(1,248,945,879)	(3,895,658,736)	(12,389,396,754)	(6,931,593,313)	(8,000,518,682)
Net Asset	(1,021,781,107,758)	(1,003,561,698,946)	(212,731,536,898)	(212,731,536,898)	(212,731,536,898)
Revenue Non-Exchange Transaction					
Revenue Exchange Transaction	8,210,355,465	7,163,832,716	8,587,469,429	14,704,846,826	12,868,951,324
Total Revenue	6,207,997,239	2,561,412,787	3,489,122,509	2,828,875,919	2,590,915,980
Total Expenditure	14,418,352,704	9,725,245,503	12,076,591,938	17,533,722,745	15,459,867,304
Net (Deficit)/ Surplus	40,295,588,381	39,009,653,796	(19,285,262,785)	(16,552,402,822)	(20,144,920,274)
	54,713,941,085	48,734,899,299	(7,208,670,847)	981,319,923	(4,685,052,970)