

Appendix A1

Balance Sheet As at 31st December, 2003

	<u>Note</u>	<u>2003</u> N' Million	<u>2002</u> N' Million
Assets:			
External reserves	3	1,065,093	1,013,514
Federal Government securities	4	456,822	532,453
Rediscount and advances	5	96,028	23,480
Other assets	6	29,261	31,590
Other securities	7	10,577	4,650
Exchange difference on promissory notes	8	86,974	104,359
Fixed assets	9	119,643	102,521
		<u>1,864,398</u>	<u>1,812,567</u>
Liabilities:			
Deposits	10	749,131	701,982
Currency in circulation	11	502,254	463,153
Trade debt promissory notes	12	87,455	104,982
Other foreign currency liabilities	13	5,982	5,574
Other liabilities	14	369,404	390,882
		<u>1,714,226</u>	<u>1,666,573</u>
Capital and reserves:			
Share capital	15	3,000	3,000
General reserve	16	44,651	40,473
Assets revaluation reserve	17	102,521	102,521
		<u>150,172</u>	<u>145,994</u>
		<u>1,864,398</u>	<u>1,812,567</u>
Contingent liabilities	20	<u>64,847</u>	<u>55,933</u>

Approved by the Board of Directors on 26th February, 2004

_____	Governor
_____	Director
_____	Director
_____	Director of Finance

The accounting policies on pages 2 to 5 and the notes on pages 9 to 20 form an integral part of these financial statements.

Appendix A2

INCOME AND EXPENDITURE ACCOUNT For The Year Ended 31st December, 2003

	<u>Notes</u>	<u>2003</u> N' Million	<u>2002</u> N' Million
Net Interest income		72,001	86,769
Net gains on foreign exchange		62,922	46,628
Other income		20,901	15,248
Total income		155,824	148,645
Operating expenses	18	(94,094)	(57,043)
Surplus before provisions		61,730	91,602
Net charge to provisions	14	(3,500)	(9,300)
Surplus after provisions		58,230	82,302
Cumulative effect of change in accounting for foreign exchange differences from prior years		-	216,073
		58,230	298,375
Special provision	19	(33,159)	(262,701)
Surplus available for appropriation		25,071	35,674
Appropriation Account			
Transfer to general reserve	16	4,178	5,946
Surplus available to the Federal Government of Nigeria	14	20,893	29,728
		25,071	35,674

The accounting policies on pages 2 to 5 and the notes on pages 9 to 20 form an integral part of these financial statements.

Appendix A3

STATEMENT OF CASH FLOWS For The Year Ended 31st December, 2003

	<u>2003</u> N' Million	<u>2002</u> N' Million
Cash flows from operating activities		
Interest received	74,608	92,304
Other income received	20,901	8,898
Exchange gain	29,763	-
	<u>125,272</u>	<u>101,202</u>
Interest paid	(1,080)	(10,563)
Payment to suppliers and employees	(39,029)	(52,927)
	<u>(40,109)</u>	<u>(63,490)</u>
Net cash provided by operating activities	<u>85,163</u>	<u>37,712</u>
Cash flows from investing activities		
Decrease/(increase) in foreign marketable securities	20,337	(30,447)
Decrease in Federal Government securities	75,631	206,132
Increase in rediscount and advances	(119,882)	(20,808)
Decrease in other assets	(408)	1,045
Increase in other securities	(5,927)	(1,000)
Net movement in exchange difference on promissory notes	(17,385)	(5,454)
Decrease in time deposit	46,130	179,822
Additions to fixed assets	(13,032)	-
Net cash (used in)/provided by investing activities	<u>(14,536)</u>	<u>329,290</u>
Cash flows from financing activities		
Decrease/(increase) in deposits	47,146	(429,670)
Increase in currency in circulation	39,101	59,647
Surplus paid to the Federal Government of Nigeria	(27,975)	(49,991)
(Decrease)/increase in other foreign currency liabilities	408	(1,045)
Repurchase agreement	(48,819)	8,386
Movement on uncleared effects	(2,523)	(2,987)
Special drawing rights	(13)	59
IMF special tranche	-	(3)
Other liabilities	(2,448)	(22,078)
Net cash provided by/(used in) cash and cash equivalents	<u>4,877</u>	<u>(437,682)</u>
Net increase/(decrease) in cash and cash equivalents	75,504	(70,680)
Exchange Rate Effect	33,159	46,628
Cash and cash equivalents at 1 January	394,971	419,023
Cash and cash equivalents at 31 December	<u>503,634</u>	<u>394,971</u>

Cash and cash equivalents in the statement of cash flows comprise those items that could be liquidated in to working days and are used for the day-to-day cash management of the Bank. These include foreign currency cash, current accounts and call deposits with foreign banks.

Appendix B1

Statement of Accounting Policies

A summary of the accounting policies adopted by the Bank is set out below:

(a) Basis of Accounting

The Central Bank of Nigeria Act no. 24 of 1991 (as amended) does not prescribe a format of basis for the Bank's annual financial statements. However, these financial statements have been prepared on the basis of historical cost accounting and also present fairly the state of affairs of the Bank and its surplus in accordance with generally accepted accounting principles.

(b) Changes in Accounting Policies

During the year, the Bank adopted International Accounting Standards (IAS) 16 and 21 on Property, Plant and Equipment and Effects of Changes in Foreign Exchange rate respectively to fully comply with International Accounting Standards in all respects.

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line method to write off the cost of each asset over its estimated useful life at the following annual rates:

Land and Buildings	2%
Motor Vehicles	10 20%
Plant, Machinery & Equipment	10 15%
Furniture and Fittings	20%
Computer Equipment	33 1/3%

Prior to the current accounting year, expenditure on Land and buildings were written off in the year of purchase against provision for capital projects. All other fixed assets were expensed in the year of purchase.

(d) Consolidation

Investments in development banks and other related financial institutions are not consolidated but accounted for as other securities because these institutions operate under severe long term control restrictions, which impair their ability to transfer funds to the Bank and the Bank's ability to exercise the rights as a parent company over the assets or management of these institutions. In addition, the activities of these institutions and some of their accounting policies are different from that of the Bank.

(e) Gold

The Bank's gold is stated at cost.

Appendix B1 (Cont'd)

(f) Foreign Currency Translation

Transactions in foreign currencies are translated to Naira at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are converted into Naira at exchange rates ruling at the balance sheet date.

Gains and losses arising from currency translation are included in the income and expenditure account.

Prior to the current accounting year, all losses were charged to the income and expenditure account whilst exchange gains were transferred to a foreign currency revaluation suspense account.

(g) Federal Government Securities

The Bank's investment in Federal Government securities is stated at face value. Unearned income is deferred and amortised as earned.

(h) Sale and Repurchase Agreement (repo and reverse repo)

Securities purchased under agreements to resell are recorded as funds receivable under the heading: "Rediscount and advances". Likewise, securities sold under agreement to repurchase are disclosed as other liabilities. The differences between the purchase and sale prices are treated as interest and accrued evenly over the life of the repo and reverse repo transactions.

(i) Advances to Banks

Advances to banks are stated net of provision for bad and doubtful debts.

Provision for bad and doubtful debts are made as considered necessary having regard to both specific and general factors in line with the CBN Prudential Guidelines for licensed banks. The general factors arise in relation to existing losses, which, although not separately identified, are known from experience to be present in any portfolio of bank advances. Provisions made (less amounts released) during the year are charged to the income and expenditure account for the year.

(j) Other Securities

Other securities are stated at cost less provision for diminution in value where appropriate.

(k) Currency in Circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. The liability in respect of notes and coins in issue as at the balance sheet date is stated at the nominal value of the currency.

Appendix B1 (Cont'd)

(l) Other Miscellaneous Provisions

Charges made by way of provisions in the income and expenditure account are as follows:

Internal Currency Insurance

This provision is accumulated to cover possible losses that could arise on currency stock held within the Bank and in transit.

Contingency

This provision is made to cover unexpected losses in the value of investments and other assets not specifically covered by other provisions.

(m) Self Insurance Schemes

The Bank operates self-administered insurance schemes for all potential losses for currency in transit and in vaults and for replacement and major repairs for its fleet of vehicles. Annual appropriations are made based on past experience. The schemes are funded by the Bank and managed by a Board of Trustees.

(n) General Reserve

An annual transfer is made to the general reserve account of an amount representing approximately 1/6 of the operating surplus of the Bank for the year. This is in accordance with part II Section 5(2) of the Central Bank of Nigeria Act No. 24 of 1991 (as amended).

(o) Income Recognition

Credits to the income and expenditure accounts are recognized as follows:

- Interest - recognized on accrual basis;
- Commission and fees charged to customers for services rendered recognized at the time the services or transactions are effected;
- Investment income recognized on accrual basis.

Appendix B1 (cont'd)

(p) Retirement Benefits

The Bank operates a non-contributory defined benefit pension scheme with contributions of 33 1/3% of the employee's annual basic salary and certain allowances. The expected cost is charged to the income and expenditure account over the service lives of the employees entitled to these benefits. The pension fund is actuarially assessed every three years and any deficiency resulting from this assessment is amortised over a period not exceeding five years in line with the Statement of Accounting Standards (SAS) No. 8 on Accounting for Employees' Retirement Benefits.

Appendix B2

NOTES TO THE ACCOUNTS

1. **The Central Bank of Nigeria (CBN) is the apex regulatory authority of the financial system in Nigeria. It was established by the Central Bank of Nigeria Act of 1958, as amended by CBN Act No 24 of 1991. It commenced operations on 1st July, 1959.**

The issued share capital of the Bank is held by the Federal Government of Nigeria. The principal objectives of the Bank are to issue legal tender currency, maintain external reserves to safeguard the international value of the legal tender currency, promote monetary stability and a sound financial system in Nigeria and act as bankers and financial adviser to the Federal Government of Nigeria (FGN).

2. **Effect of changes in accounting policies**

The effects of the changes stated under Accounting Policy (b) in the Accounting Policies adopted by the Bank in the rest of the year amounted to N37,290 million and is made up as follows:

	N' Million
Depreciation charged	(5,505)
Fixed assets capitalized	13,032
Net exchange gains recognised	29,763
	37,290
	=====

The effect of the prior year's adjustment on depreciation was not made as it was impracticable to do so

3. **External reserves**

These comprise:

	2003	2002
	N' Million	N' Million
Convertible Currencies (see Notes 3(i) and 3(ii))	1,065,020	1,013,454
IMF Reserve Tranche	23	23
- Special Drawing Rights	31	18
Gold (see Note 3(iii))	19	19
	1,065,093	1,013,614
(i) Convertible currencies comprise:		
Currency accounts with foreign banks	448,180	339,386
Time deposits and money employed	517,710	562,472
Other foreign securities	66,090	85,980
Sundry currencies and travelers cheques	33,040	25,616
	1,065,020	1,013,454

Included in convertible currencies is an amount of N216.91 billion (2002 N204.298 billion), which represents the Naira value of foreign currencies held on behalf of customers in various foreign accounts for letters of credit transactions and other dedicated purposes. The corresponding liability for this amount is included in deposits (see Note 10).

Appendix B2 (Cont'd)

(ii) Analysis by currency:

		2002 N' Million
United States Dollars		933,526
British Pounds Sterling		61,870
Euro		15,471
Japanese Yen		2,459
Others		128
		<hr/> 1,013,454 <hr/> <hr/>

(iii) The market value of gold held as at 31 December, 2003 was N39.269 billion (2002 N30,298 billion).

4. Federal Government securities

These comprise:

		2002 N' Million
Nigerian treasury bonds		371,650
Nigerian treasury bills (see Note 4(i))		160,301
Nigerian development stocks		502
		<hr/> 532,453 <hr/> <hr/>

(i) Included in Nigerian treasury bonds and bills is an amount of N242 million (2002: N49,061 billion) being the face value of treasury bills sold under repurchase agreements. The related liability is disclosed in Note 14.

5. Rediscount and advances

These comprise:

		2002 N' Million
Nigerian treasury bills		2,581
Advances to Federal Mortgage Bank of Nigeria (Guaranteed by the Federal Government)		9
Overdrafts and advances (see Note 5 (i))		17,038
Long term loans (see Note 5(ii))		3,852
		<hr/> 23,480 <hr/> <hr/>

Appendix B2 (Cont'd)

(i) **Overdrafts and advances include accommodation to commercial and merchant banks:**

	2003 N' Million	2002 N' Million
Distressed banks	53,529	7,458
Liquidated banks	11,843	11,607
Others	5,596	17,246
	<hr/>	<hr/>
Less: Provision for doubtful debt	70,968	36,311
- Specific	(65,372)	(19,101)
- General provision	(56)	(172)
	<hr/>	<hr/>
	5,540	17,038
	<hr/> <hr/>	<hr/> <hr/>

(ii) **Long term loan**

In 2001, Bank's management approved the reduction of the interest rate on loans to recapitalised banks from 13.5% to 3%, extended the moratorium period from one to two years and increased the repayment period to five years. Movement on account during the year is as follows:

	2003 N' Million	2002 N' Million
Balance brought forward	3,852	4,107
Addition/(repayment) during the year	5,354	(255)
	<hr/>	<hr/>
	9,206	3,852
	<hr/> <hr/>	<hr/> <hr/>

6. **Other assets**

These comprise:

Balances recoverable from the Federal Government of Nigeria (see Notes 9(i))	1,218	1,525
Accrued interest receivable	19,562	20,326
Sundry assets (see Note 6(iii))	8,706	9,964
	<hr/>	<hr/>
	29,486	31,815
Provision for doubtful balance	(225)	(225)
	<hr/>	<hr/>
	29,261	31,590
	<hr/> <hr/>	<hr/> <hr/>

(i) **Balances recoverable from the Federal Government of Nigeria**

Net Loss on cancelled and redeemed Promissory notes (see Note 6(ii))	1,217	1,524
Refinancing charges	1	1
	<hr/>	<hr/>
	1,218	1,525
	<hr/> <hr/>	<hr/> <hr/>

Appendix B2 (Cont'd)

(ii) Net loss on cancelled and redeemed promissory notes includes:

	2003 N' Million	2002 N' Million
Balance, beginning of year	1,524	2,130
Repayment by FGB through surplus		
Set off (see Note 14 (ii))	(1,524)	(2,130)
Exchange Loss		
- On principal repayment (see Note 8)	22,381	15,773
- On conversion (see Note 8)	1,564	2,081
	23,945	17,854
Repayment-FGN external creditors funding account (see Note (12))	(22,514)	(15,871)
	1,431	1,983
DCC transaction commission	(35)	(42)
Discount on conversion	(179)	(417)
Balance, end of year	1,217	1,524
(iii) Sundry assets include:		
CBN SME accounts (see Note 13)	5,981	5,573
Staff loans	1,806	2,230
IMF local currency subscription	622	622
Prepayments	31	67
Others	266	1,472
	8,706	9,964
7. Other securities		
These include:		
Equity investments (see Note 7(i))	12,067	6,140
Other investments (see Note 7(ii))	1,200	1,200
	13,267	7,340
Provision for diminution in value of other securities	(2,690)	(2,690)
	10,577	4,650

Appendix B2 (Cont'd)

(i) Equity investments comprise investments in:	2003 N' Million	2002 N' Million
Bank of Industry (BOI)	2,382	882
Abuja Commodity Exchange	408	408
Federal Mortgage Bank of Nigeria	60	60
Nigeria Deposit Insurance Corporation	1,380	1,380
Nigerian Agriculture Cooperative and Rural Development Bank Limited.	4,027	400
Nigerian Export-Import Bank	3,750	2,950
Nigerian Security Printing and Minting Company Ltd.	60	60
	12,067	6,140
	=====	=====
(ii) Other investments include:		
Agricultural Credit Guarantee Scheme Fund	1,200	1,200
	1,200	1,200
	=====	=====
Exchange difference on promissory notes		
Movement on this account during the year was as follow		
Balance, beginning of year	104,359	109,813
Revaluation adjustment (see Note 12)	6,560	12,400
	110,919	122,213
Exchange loss;		
- On Principal Repayment (see Note 6(ii))	(22,381)	(15,773)
- On Debts Conversion (see Note 6 (ii))	(1,564)	(2,081)
Balance, end of year	86,974	104,359
	=====	=====

Exchange difference on promissory notes results from the translation of US\$ Trade Debts Promissory Notes at the ruling rate at year end and is fully recoverable on crystallisation from the Federal Government of Nigeria on whose behalf the trade debt promissory notes were issued.

Appendix B2 (Cont'd)

Fixed Assets

	<u>Land & building</u> N'M	<u>Plant & equipment</u> N'M	<u>Furniture & fittings</u> N'M	<u>Computers</u> N'M	<u>Motor vehicles</u> N'M	<u>Assets under Construction</u> N'M	<u>Total</u> N'M
Cost/Valuation							
1-Jan-2003	66,596	10,248	674	400	3,705	20,898	102,521
Additions	-	6,885	1,912	3,033	1,202	9,595	22,627
Transfers	20,898	-	-	-	-	(20,898)	-
31-Dec-2003	<u>87,494</u>	<u>17,133</u>	<u>2,586</u>	<u>3,433</u>	<u>4,907</u>	<u>9,595</u>	<u>125,148</u>
Depreciation							
Charge for the year	1,308	1,862	517	1,143	675	-	5,505
31-Dec-2003	<u>1,308</u>	<u>1,862</u>	<u>517</u>	<u>1,143</u>	<u>675</u>	<u>-</u>	<u>5,505</u>
Net Book Value							
31-Dec-2003	<u>86,186</u>	<u>15,271</u>	<u>2,069</u>	<u>2,290</u>	<u>4,232</u>	<u>9,595</u>	<u>119,643</u>
31-Dec-2002	<u>66,596</u>	<u>10,248</u>	<u>674</u>	<u>400</u>	<u>3,705</u>	<u>20,898</u>	<u>102,521</u>

During the year, the Bank changed its accounting policy for fixed assets and incorporated assets that had previously been written off. All the assets, except motor vehicles and the new Head Office were valued by Onakanmi & Partners, Supo Ojo & Co., Ora Egbunike & Associates, Bello & Co., Adamu Mohammed & Partners, Olatoye Ogundana & Partners, 'Dosu Fatokun & Co., and Mohammed & Co. (all Estate Surveyors and Valuers). The assets were valued as at December, 2002 on either an open market basis assuming a willing seller and able buyer or depreciated replacement cost basis where market information was not available. Additions during the year have been incorporated at cost.

Appendix B2 (Cont'd)

10. Deposits

These comprise:

	2003 N' Million	2002 N' Million
Governments	346,823	369,402
Banks	186,398	128,282
Others dedicated accounts include: (see Notes3(i) and 10(i))	215,910	204,298
(i) Others dedicated accounts include:	749,131	701,982
FGN PPT Naira funding account	126,679	74,977
Special reserve account	491	450
FGN excess crude oil proceeds (Naira funding) account	26,819	5
Letters of credit consolidated account	44,544	51,232
FGN (external creditors) funding account	5,729	65,293
NAPIMS cash call account	6,353	6,353
Others	5,295	5,988
	215,910	204,298

11. Currency in circulation

Currency in circulation comprises:

	2003 N' Million	2002 N' Million
Notes	498,827	460,904
Coins	3,427	2,249
	502,254	463,153

Appendix B2 (Cont'd)

12. Trade debt promissory notes

The movement on this account during the year was as follows:

	2003 N' Million	2002 N' Million
Balance, beginning of year	104,982	110,547
Revaluation adjustment (see Note 8)	6,560	12,400
	-----	-----
Principal Repayment (see Note 6 (ii))	111,542	122,947
Redeemed, through debt conversion	(22,514) (1,573)	(15,871) (2,094)
	-----	-----
Balance, end of year	87,455	104,982
=	=====	=====

- (i) On 14 January, 1988 new Promissory Notes were issued by the Central Bank of Nigeria on behalf of the Federal Government of Nigeria to refinance the debts on the old Promissory Notes including the arrears of interest to 5 January, 1988 under the following terms:-

In the two years moratorium period:]

- repayment in eight (8) quarterly instalments at the rate of 1.25% of the face value of the note; and
- thereafter 79 quarterly instalments at the rate of 2% of the face value of the note from 5 April, 1990 through to year 2010.

On 2 November 2001 a memorandum of understanding (MOU) was signed between Central Bank of Nigeria and the Debt Management Office (DMO) of the Presidency to transfer all “documents, data records and equipment maintained by CBN pertaining to debt management” to the DMO. **A c c o r d i n g l y ,** “all functions currently performed by the Refinancing Office of CBN in relation to short-term private sector Paris Club debts, Promissory Notes and Par Bonds” were transferred to the DMO by 15 November, 2001. The MOU also provides that all such “certificates shall in the meantime remain in the custody of CBN but the DMO shall at all times have unhindered access to them”.

The exercise of debt reconciliation and negotiation is an on-going process which is being handled by DMO and its external advisers.

- (ii) The total outstanding balance of Trade Debt Promissory Notes at 31 December, 2003 represents the Naira equivalent of promissory notes not yet redeemed, translated at the ruling rate of N137 to the US dollar. The resulting exchange difference is recorded in Exchange difference on Promissory Notes account (Note 8) and is fully recoverable from the Federal Government of Nigeria. The total outstanding balance of trade debt Promissory Notes is also fully recoverable from the Federal Government of Nigeria, as the Bank is only acting as an intermediary on behalf of Government.

Appendix B2 (Cont'd)

13. Other foreign currency liabilities

These comprise:

	2003	2002
	N' Million	N' Million
IBRD SME Loan (see Note 6 (iii))	5,981	5,573
Bank of Tokyo Commodity Loan	1	1
	5,982	5,574
	5,982	5,574

14. Other liabilities

Other liabilities comprises:

Special provision Foreign currency revaluation suspense	295,860	262,701
Miscellaneous provisions (see Note 14(i))	32,848	29,348
Surplus available to the Federal Government (see Note 14(ii))	19,998	28,605
IMF Allocation of Special Drawing Rights	1,132	1,132
Charges accrued due	6,719	6,455
Sundries	11,164	9,691
Treasury bills on repurchase agreement (see Note 4(i))	242	49,061
Errors & omissions	255	180
Uncleared effects	1,186	3,709
	369,404	390,882
	369,404	390,882

(i) Miscellaneous provisions:

The movement of these accounts during the year was as follows:

	Balance at 1 January 2003 N M	Charged during the Year N'M	Utilised during the Year N'M	Balance at 31 December 2003 N'M
Contingency	3,358	3,000	-	6,356
Internal currency insurance	4,800	500	-	5,300
Capital project	10,603	-	-	10,603
Agricultural credit fund	340	-	-	340
Exchange rate fluctuation	10,249	-	-	10,249
	29,348	3,500	-	32,848
	29,348	3,500	-	32,848

Appendix B2 (Cont'd)

(ii) The movement on surplus available to the FGN during the year was as follows:

	2003 N' Million	2002 N' Million
Balance, beginning of year	28,605	50,998
Surplus for the year	20,893	29,728
Transfer to balances recoverable from The Federal Government (see Note 6(ii))	(1,524)	(2,130)
Payments during the year	(27,976)	(49,991)
Balance, end of year	19,998	28,605
15. Share capital		
Authorised share capital	5,000	5,000
Issued and fully paid		
Balance, beginning of year	3,000	3,000
Balance, end of year	3,000	3,000
16. General reserve		
The movement in the account during the year was as follows:		
	2003 N' Million	2002 N' Million
Balance, beginning of year	40,473	34,527
Transfer from appropriation account	4,178	5,946
Balance, end of year	44,651	40,473

Appendix B2 (Cont'd)

17. Assets revaluation reserve

This amount represents surplus arising from the incorporation in the financial statements assets that were previously written off.

18. Operating expenses	2003	2002
Operating expenses comprise:	N' Million	N' Million
Staff costs	15,736	12,414
General expenditure	9,316	10,815
Depreciation charge	5,505	-
Provision for overdrawn bank balances	46,154	5,328
Others operating expense	17,383	28,486
	94,094	57,043
	94,094	57,043

19. Special provision

The provision included as part of Other Liabilities (Note 14) represents unrealized exchange gains. It has been created with the approval of the President, under Section 5 (i) (b) of the CBN Act, 1991.

20. Contingent liabilities

(a) The directors advise that the Bank faces litigation, the resolution of which is uncertain, which have arisen in the ordinary course of business. Such litigations, seek to recover amounts which could, if awarded, be significant. The directors advise that they have taken appropriate legal advice and have provided amounts which they consider to be a realistic appraisal of ultimate likely cost of these various claims. The provisions are subject to periodic review in light of facts known from time to time.

(b) These Comprise:	2003 N' Million	2002 N' Million
Pending litigations	64,847	55,933
	64,847	55,933
	64,847	55,933

This amount represents the estimated claims in respect of litigations pending against the Bank. In the opinion of directors, the various actions being contested will not result in any material loss to the Bank.

Appendix B2 Cont'd)

21. Capital Commitments

At 31 December 2003, the amount of capital expenditure authorized by the Board and still unspent was N6.6091 billion (2002: N6.761 billion).

22. Related party transactions

Related parties to the Bank are the Federal Government of Nigeria and the Nigerian Security Printing and Minting Company (NSPMC) Limited. The Bank acts as the banker and financial adviser to the Federal Government of Nigeria and as its agent in monitoring monetary stability. The majority of the new notes issued by the Bank are printed by the NSPMC. During the year, the Bank paid NSPMC N12.795 billion (2002) N17.609 billion) as currency issue expenses.

23. Taxation

Income tax payable is not provided for in the financial statements as the Bank is exempted from taxation.

24. Prior year comparatives

Certain prior year balances have been reclassified to conform with current year classifications.

25. Approval of accounts

In accordance with the Central Bank of Nigeria Act No. 24 of 1991 (as amended), the Board of the Bank met and considered the accounts for the year ended 31 December, 2003, on 26 February, 2004.

Appendix B3

Auditors' Report

We have audited the balance sheet of Central Bank of Nigeria (the “Bank”) as at 31 December, 2003 and the related income and expenditure account and statement of cash flows for year then ended, set out on pages 6 to 20 and prepared on the basis of the accounting policies set out on pages 2 to 5

Respective responsibilities of Directors and Auditors

The Directors of the Bank are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to express our opinion thereon.

Basis of our opinion

We conducted our audit in accordance with the international standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant of the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgment made by the Board of Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned our audit our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and assessed whether the Bank's books of account had been properly kept. We have obtained all the information and explanations we required for the purpose of our audit.

Opinion

In our opinion, the Bank has kept proper accounting records and the financial statements are in agreement with the records. The financial statements, on the basis of the accounting policies, give a true and fair view of the state of affairs of the Bank as at 31 December, 2003, and its surplus and of its cash flows for the year ended on that date, and comply with the Central Bank of Nigeria Act No 24 of 1991 (as amended).

26 February, 2004
Abuja, Nigeria

Akintola Williams Deloitte & Touche
Chartered Accountants