



CBN Releases Audited Financial Statements, Adopts New Accounting Framework

The Central Bank of Nigeria (CBN) has formally released its audited financial statements for 2013 and 2014 and has fully adopted the International Financial Reporting Standards (IFRS) for the financial statements. The two financial statements posted on its website (www.cbn.gov.ng) had been approved by its Board in accordance with the provisions of the CBN Act 2007.

The IFRS, one of the frameworks internationally recognized and accepted, mandates adopters of the framework to prepare consolidated financial statements.

The released financial statements indicate that the net income of the Bank for 2013 amounted to ₦209.6 billion while that of 2014 was ₦ 35.4 billion out which 80% have since been remitted to the Federal Government of Nigeria in accordance with the Fiscal Responsibility Act. The balance of 20% was also transferred to the Reserves within the Bank.

The IFRS requirement implies that the financial statement of the CBN be consolidated with those of investee entities, namely Nigeria Export-Import Bank, Abuja Securities and Commodities Exchange, Bank of Industry, Bank of Agriculture, Nigeria Interbank Settlement System, National Economic Reconstruction Fund, Financial Markets Dealers Quotation, African Finance Corporation and Agricultural Credit Guarantee Fund.

Thus, the Bank now has full IFRS-compliant financial statements for the years ended 31st December 2013 and 31st December 2014, respectively.

Hitherto, the Bank's financial statements had been prepared under the Central Bank of Nigeria (CBN) framework.

Meanwhile, the adoption of IFRS by the CBN or any central Bank the world over is not without difficulties in view of a number of challenges that include the non-profit-oriented mandates of central banks in their roles of price and financial system stability and economic growth that could be contradicted by the application of some of these IFRS standards, which are for direct profit-motivated commercial entities. Another challenge is the statutory constraints on the central banks. This explains why very few central banks have adopted the IFRS. Many of the central banks which claim IFRS adoption did so partially within statutory constraints.

The CBN was however able to work around these challenges to conclude a successful adoption of the IFRS.

It is worthy of note that the CBN has been able to conclude IFRS adoption within a period of two years as global experience indicated that many of the IFRS adopting central or reserve banks took longer periods of time to conclude IFRS adoption.