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LETTER TO OTHER FINANCIAL INSTITUTIONS (OFIs)

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS BY OTHER FINANCIAL INSTITUTIONS (OFIs)

On 28 July 2010, the Nigerian Federal Executive Council approved January 1, 2012, as the effective date for adoption of International Financial Reporting Standards (IFRS Standards) in Nigeria.

IFRS Standards are required for the financial statements of all 'public interest entities', which include not only quoted and unquoted companies but also governments, government organisations, and not-for-profit entities that are required by law to file returns with regulatory authorities. All Other Financial Institutions (OFIs) fall under this category by virtue of the requirements to file returns with the Central Bank of Nigeria (CBN).

However, due to some implementation challenges, some concessions were granted to some entities to delay the adoption. Key amongst these challenges was the dearth of required skills by reporting entities and their external auditors. Over time, this knowledge gap has been bridged and more entities have joined the fold of others, who had adopted and prepared their accounts based on this set of Standards. Several efforts had also been made by the CBN to ensure that capacities were built and entities encouraged to do same.

Consequently, all OFIs are by this circular, required from the 2021 financial year, to prepare their annual financial statements (AFS) in accordance and full compliance with IFRS as the Other Financial Institutions Supervision Department of the Central Bank of Nigeria will no longer accept AFS that are not in compliance. The submission of AFS not in compliance with IFRS shall be regarded as non-submission and appropriate penalties imposed thereon.

Finally, OFIs that are just adopting the IFRS Standards for the first time should comply fully with IFRS 1, for first time adopters.

This is for your information and strict compliance.

Nkiru Aslegbu

**Director, Other Financial Institutions Supervision Department
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