THE MUSICAL SOCIETY OF NIGERIA

FINANCIAL STATEMENTS

31 DECEMBER 2018

BDO

CHAIRMAN'S STATEMENT

Fellow Trustees and distinguished Members of MUSON, I welcome you most warmly to this 34th Annual General Meeting of our Society, the Musical Society of Nigeria.

FINANCIAL RESULTS

Our financial results for 2018 shows a surplus of 2.77 million compared with a deficit of N40.07 million in 2017. The following are the key factors responsible for this overall result:

- General Danjuma's donation of N45million for the Society's Opera Programme and the refurbishment of Agip Recital Hall.
- Akintola Williams's foundation's donation of N6million to the School of Music.

However, without the afore-mentioned donations, the results would have been a deficit of about N50 million as against a deficit of N40 million for the same period in 2017. This is as a result of the following:

- Slight drop in hall hire revenue, due to the low patronage of Agip Recital Hall during the period. The estimated difference in revenue was N11million when compared with the same period in 2017.
- Increase in the number of concerts during the period which in turn led to an increase in the deficit recorded in concert activities: N23.49million in 2018 compared with N27.35million in 2017.
- Huge decrease in members' donations: N1.28million in 2018 compared with N8.75million in 2017.
- Cash gift of N2million given to the retired School directors
- Increase in the cost of generating power: EKEDC and Diesel with a difference of 5.5million.

MUSON Centre

Net surplus from MUSON Centre operations decreased significantly from N29.65 million in 2017 to N18.92 million in 2018 for the reasons stated earlier.

Membership

There was a noticeable improvement in the net income from membership subscriptions from N2.06 million in 2017 to ₦6.12 million in 2018.

Concerts

Excess of expenditure over income from concerts decreased from N27.35 million in 2017 to N23.49 million in 2018.

MUSON Festival

The deficit for the running of the MUSON Festival decreased from N7.11 million in 2017 to N2.09 million in 2018 due to the continuing disappointing response to our sponsorship campaign. This is in spite of the prudence exercised in our Festival programming.

School of Music

The running of the School of Music recorded a surplus of N68.45 in 2018 compared with a surplus of N17.54 million in 2017.

ACTIVITIES

CONCERTS

For financial reasons, 12 concerts were .programmed during the 2018 concert season, compared with 7 during the previous year. However, all the concerts were of the usual high quality. Highlights included the following:

- Rebeca Omordia Concert- January
- Valentine Concert
- Danjuma Concert
- Passion tide Concert
- Rebeca Omordia - April
- Opera – La Boheme
- New Artistes Concert
- Children Musical Festival
- Choirs' Concert
- Silk Road Concert
- Enchanted Evening Concert
- Christmas Concert

The 2018 MUSON Festival did not match the previous year's special 22^{nd} anniversary celebration in scale, but it had all the qualities that have come to be associated with the annual MUSON Festivals. Most notable were the following:

- The MusiQuest/Youth Concert, MUSON's annual music competition for youths, produced arguably the keenest competition in the history of that competition. It also produced some of the most outstanding finalists. The success of the event led to a decision to start a new concert series: the New Artistes Concert Series, to showcase young, upcoming artistes in the concert calendar, beginning from 2018.

- The Total Festival Gala Concert, (sponsored by Total E & P Nigeria Ltd since 2002), featured a combined performance by the MUSON Symphony Orchestra and the MUSON Choir in a memorable concert.

- The Festival also featured the Opera: Don Giovanni by W.A Mozart, directed by the talented international Opera singer, teacher and director, Joseph Oparamanuike. The performance received wide and enthusiastic acclaim and several requests for its repeat. It was therefore decided it should be repeated in the 2019 concert season.

SCHOOL OF MUSIC

School Recitals
The School of Music Diploma course continued preparing students for examinations and performances with 6 Year 1 recitals, each with five students presenting a fifteen-minute programme; 9 Year 2 recitals each with three students presenting a thirty-minute programme.

Annual Schools Competition
The School hosted about one thousand children from local schools for the annual Schools Competition. The competition consisted of choirs (primary, girls' secondary, boys' secondary and mixed). The Schools Competition culminated in a festive Winners Concert where the winners in each category performed and received cash prizes and certificates. Other School Concerts, during the year included the Basic School Concert, the ABRSM High Scorers Concert and The Donors Appreciation Concert.

The Awakings School
The Awakings School in Aguda, Surulere continues to provide the training ground where our School's student teachers acquire practical training. All the student teachers, after a term of in-class advice on dealing with children in a class situation, are able to experience practical work with children during the weekly visits to the Awakings School.

CONCLUSION

The concerns of the Board of Trustees over the diminishing income streams from hall hire, donations and sponsorships further deepened during the year. Amongst the measures taken by the Trustees to shore up the Society's operations expenditure was an initiative to review MUSON Management's organogram and administrative structure to reduce administrative costs. Following that review, it approved a new Management structure which has reduced the number of managers.

The Board reviewed the fundraising Appeal Brochure and produced an updated version which led to the inauguration of the Fund raising Committee, in preparation for a renewed fund-raising drive.

The Board also set up the *Members' Donation Account* in 2016, which has now accumulated N10 million, I thank all those who have contributed to the account and urge those who are yet to contribute, to do so.

Finally, on your behalf, I wish to place on record, as always, our deep and heartfelt gratitude to our partners, whose support in these difficult times has helped to sustain our faith in pursuing the very ambitious goals we set for our Society thirty five years ago. On your behalf I thank, in particular, our esteemed 2018 Festival sponsors: Chevron Nigeria Limited, sponsor of the ***Chevron Festival Drama*** since 2001, Total E & P Nigeria Limited, sponsor of the ***Total Festival Gala Concert*** since 2002, General T. Y. Danjuma, sponsor of the ***Danjuma Opera Concerts***, *Dangote Foundation*, *sponsor of* ***Jazz Night*** *and* ***SNEPCo Ltd***.
I thank all our other sponsors and all those who supported us by placing advertisements in our concert and Festival brochures in 2018.

As always, our huge debt of gratitude is owed to the MTN Foundation, our major partner and sponsor of our Diploma School scholarship scheme since 2006. We are confident that the Music School will remain MUSON's most enduring legacy to Nigeria. The scholarship offered to every student admitted into the Diploma School by MTN Foundation has ensured that, from its inception, admission to the School has been based on merit rather than the ability to pay. The School has therefore succeeded in contributing to youth empowerment by training hundreds of talented but socially disadvantaged Nigerian youths since it was established.

As usual, I thank Management, ably led by Mr. Gboyega Banjo, for its diligent and efficient work

Fellow Trustees and distinguished members of MUSON, I thank you all for your attention.

L.N. Mbanefo

Mr. Louis Mbanefo (SAN)
Vice - Chairman MUSON

BDO

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE MUSICAL SOCIETY OF NIGERIA
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **The Musical Society of Nigeria**, which comprise, the statement of financial position as at 31 December 2018, the statement of surplus or deficit and other comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of the significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Society as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Trustees for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN 2004, and for such internal control as the Trustees 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 Trustees are responsible for assessing the Society'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 Trustees either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Chairman's statement, and Trustees' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance 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 information, we are required to report that fact. We have nothing to report in this regard.

Auditors' 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 a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

- 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 Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Trustees.

- Conclude on the appropriateness of Trustees' 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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit, and significant audit findings and any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

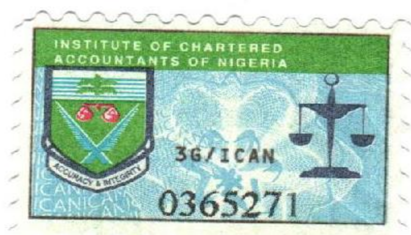
The Companies and Allied Matters Act, CAP C20, LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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 Society, and

iii) the Society's statement of financial position, and its statement of surplus or deficit and other comprehensive income are in agreement with the books of account.

Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants



Lagos, Nigeria
9 October 2020

THE MUSICAL SOCIETY OF NIGERIA
STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
Results from operations:			
Annual subscriptions	7a	6,119	2,063
Donations	7b	1,275	8,747
Concerts	7c	(23,492)	(27,351)
School of Music	7d	68,447	17,538
MUSON centre	7e	18,918	29,647
Net surplus from operations		71,267	30,644
Other income	8	24,709	24,706
Total net income		95,976	55,350
Administrative expenses	9	(96,774)	(96,914)
		(798)	(41,564)
Finance income	10	3,571	2,873
Finance expenses	10	-	-
Net finance income		3,571	2,873
Surplus/(deficit) before taxation	11	2,773	(38,691)
Taxation	12	-	(1,375)
Surplus/(deficit) for the year after taxation		2,773	(40,066)
Other comprehensive income:			
Items that will not be reclassified to statement of surplus or deficit		-	-
Items that may be reclassified to statement of surplus or deficit		-	-
Total other comprehensive income		-	-
Total comprehensive surplus/(deficit)		2,773	(40,066)

The accompanying notes and significant accounting policies on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditors' report, pages 1 to 3 .

THE MUSICAL SOCIETY OF NIGERIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		2018	2017
Non-current assets	**Notes**	**N'000**	**N'000**
Property, plant and equipment	13	274,977	279,096
Intangible assets	14	323	1,237
		275,300	280,333
Current assets			
Inventories	15	8,440	9,056
Receivables and prepayments	16	26,444	14,135
Cash and cash equivalents	17	171,377	188,183
		206,261	211,374
Current liabilities			
Other payables	18	110,357	117,260
Taxation	12(b)	-	1,375
		110,357	118,635
Net current assets		95,904	92,739
Net assets		371,204	373,072
Funds			
Accumulated fund	19	4,991	2,218
Building fund	20	163,144	163,144
MUSON School/Orchestra fund	21	174,898	174,898
Other funds	22	28,171	32,812
		371,204	373,072

The financial statements and notes on pages 4 to 33 were approved by the Board of Trustees of the Society on 11 December 2019 and signed on its behalf by:

L.N. Mbanefo

Mr. Louis Mbanefo, SAN | **Mr. Olufemi Akinsanya, FCA**

The accompanying notes on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

THE MUSICAL SOCIETY OF NIGERIA
STATEMENTS OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Accumulated fund	Building fund	MUSON school/ Orchestra fund	Other funds	Total funds
	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2017	42,284	163,144	174,703	30,842	410,973
Comprehensive deficit:					
Deficit for the year	(40,066)	-	-	-	(40,066)
Other comprehensive income	-	-	-	-	-
Total comprehensive deficit	(40,066)	-	-	-	(40,066)
Transactions with members					
Changes in funds	-	-	195	1,970	2,165
Balance at 31 December 2017	2,218	163,144	174,898	32,812	373,072
	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2018	2,218	163,144	174,898	32,812	373,072
Comprehensive surplus:					
Surplus for the year	2,773	-	-	-	2,773
Other comprehensive income	-	-	-	-	-
Total comprehensive surplus	2,773	-	-	-	2,773
Transactions with members					
Changes in funds	-	-	-	(4,641)	(4,641)
Balance at 31 December 2018	4,991	163,144	174,898	28,171	371,204

The accompanying notes and significant accounting policies on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

THE MUSICAL SOCIETY OF NIGERIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
Cash flows from operating activities		**N'000**	**N'000**
Surplus/(deficit) for the year		2,773	(40,066)
Adjustments for non -cash items:			
Transfer from prepayments	13	-	(42,252)
Depreciation of property, plant and equipment	13	30,062	28,595
Amortisation of intangible assets	14	914	1,032
Finance income	10	(3,571)	(2,873)
Tax expense	12(a)	-	1,375
		30,178	(54,189)
Decrease in inventories		616	271
(Increase)/decrease in receivables and prepayments		(12,309)	16,442
Decrease in other payables		(6,903)	(36,202)
Cash generated/(consumed) by operations		11,582	(73,678)
Income tax paid	12(b)	(1,375)	(2,461)
Net cash inflows/(outflows) from operating activities		10,207	(76,139)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(25,943)	(12,055)
Finance income	10	3,571	2,873
Net cash outflows from investing activities		(22,372)	(9,182)
Cash flows from financing activities			
MUSON School/Orchestra fund	21	-	195
Other funds- additions	22(a,b,c,d)	1,829	1,970
- utilised during the year	22	(6,470)	-
Net cash (outflows)/inflows from financing activities		(4,641)	2,165
Net decrease in cash and cash equivalents		(16,806)	(83,156)
Cash and cash equivalents at the beginning of the year		188,183	271,339
Cash and cash equivalents at the end of the year	17	171,377	188,183

The accompanying notes and significant accounting policies on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditors' report, pages 1 to 3

1. **Corporate information and principal activities**

The Musical Society of Nigeria (MUSON) was founded as a result of the interaction and commitment of some friends who love and appreciate classical music. Their interactions ultimately led to the formation of the Musical Society of Nigeria in 1983 with the primary objectives being to:

- Promote the understanding and enjoyment of classical music.
- Promote the education of children in the performance and theory of music
- Promote interaction between Nigerian and Non-Nigerian musicians
- Promote the performance of serious music with emphasis on classical music
- Provide facilities for the realisation of the above mentioned objectives
- Raise funds from persons and organizations for the realisation of these objectives

Its registered office is at 8/9 Marina, Onikan, Lagos.

2. **Basis of preparation**

(a) **Statement of compliance with IFRS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, CAP C20, LFN, 2004 and the requirements of the Society's rules and regulations.

The financial statements were authorised for issue by the Board of Trustees on 11 December 2019.

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost concept except for some financial instruments that were measured of fair value.

(c) **Going concern**

The Trustees assess the Society's future performance and financial position on a going concern basis and have no reason to believe that the Society will not be a going concern in the year ahead. For this reason, the financial statements have been prepared on a going concern basis.

(d) **Functional and presentation currency**

The Society's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira and have been rounded to the nearest thousand except where otherwise stated.

(e) **Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS, requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Society's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

3. **Changes in accounting policies**

(a) **New standards, interpretations and amendments effective from 1 January 2018**

New standards impacting the Society and adopted in the annual financial statements for the year ended 31 December 2018, and which have given rise to changes in the Society's accounting policies are:

- IFRS 9 *Financial Instruments* (IFRS 9); and
- IFRS 15 *Revenue from Contracts with Customers* (IFRS 15)

The two standards do not have any material impact on these financial statements as stated in note 26. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Society as they are either not relevant to the Society's activities or required accounting which is consistent with the Society's current accounting policies.

(b) **New standards, interpretations and amendments not yet effective**

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 31 December 2018. They have not been adopted in preparing the financial statements for the year ended 31 December 2018 and are not expected to affect the entity in the period of initial application.

Title	Key requirements	Effective Date
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additional, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contain, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.
Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: • how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty • that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgments and estimates made must be reassessed whenever circumstance have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirements to provide information about judgments and estimates made in preparing the financial statements.	1 January 2019

Prepayment Features with Negative Compensation- Amendments to IFRS 9	The narrow-scope amendments made to IFRS 9 Financial instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.	1 January 2019
Plan Amendment, Curtailment or Settlement – Amendments to IAS 19	The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must: • calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change • any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in statement of surplus or deficit even if that surplus was not previously recognized because of the impact of the asset ceiling. • separately recognize any changes in the asset ceiling through other comprehensive income.	1 January 2019

4. **Significant accounting policies**

(a) **Revenue recognition**

Revenue is recognised when it is probable that economic benefits will flow to the entity and these benefits can be measured reliably. Revenue is derived from member's subscriptions, Donations, Concerts, School of music and MUSON Centre (hall hire).

Revenue- MUSON Centre (Hall hire)

Performance obligation and timing of revenue recognition
Revenue represents the fair value of the consideration received or receivable from income derived from the rental of hall, in the ordinary course of the Society's activities and is stated net of value-added tax (VAT), discounts and service charge. It comprises income from hall hire, catering services including management and operating fees. Rebates and discounts granted to customers are deducted from revenue. No revenue is reported if control of the services has not been transferred to the customers.

Determining the transaction price
Most of the Society's revenue is derived from fixed price contract and the amount of revenue to be earned from each contract is determined by reference to those fixed prices. The Society has full discretion over the price charge for services rendered.

Allocating amounts to performance obligation
For most contracts, there is a fixed unit price for the provision of hall hire services. There is no judgement involved in allocating the contact price to the provision of hall hire services in such contract. The Society is able to determine the split of the total contract price between each hall hire service by referencing to each service's stand alone selling prices (All hall hire services are capable of being, and are, rendered separately).

(b) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, that is, directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The principal annual rates used for this purpose which are consistent with those of previous years are:

	%
Musical equipment	10
Other equipment	10
Buildings	2
Motor vehicles	25
Generators	14
Water treatment plant/Borehole	25
Computer	33
Car park	2

Depreciation is not provided in respect of property, plant and equipment under construction. No depreciation is charged on items of property, plant and equipment until they are available for use. Where property, plant and equipment consist of components with different useful lives, they are accounted for as separate items.

An items of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statetment of activities in the year that the asset is derecognised.

(c) **Intangible assets**

Intangible assets comprise computer and accounting software purchased from third parties.They are measured at cost less accumulated amortisation and accumulated impairment losses. Purchased computer software and accounting software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the statement of surplus or deficit on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 3 years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible 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.

The estimated useful lives for the current and comparative period is as follows:

Computer software - 33 % per annum

(d) **Inventories**

Inventories are stated at lower of cost and net realisable value. Inventories comprise of Kitchen stocks, bar stocks, shop stocks, wire copes, marine plystock and lightning spares.

(e) **Financial instruments**

The following is the summary of new and revised significant accounting policies related to Financial instruments.

(i) Financial assets

Financial assets include cash and cash equivalents, trade receivables, employee and other advances and eligible current and non-current assets. Financial assets are derecognized when substantial risks and rewards of ownership of the financial assets have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized when the Society has not retained control over the financial assets.

Recognition and measurement

Financial instruments are recognized initially at fair value. Subsequent to initial recognition, financial instruments are measured as described below:

Debt instruments

There are three measurement categories into which the Society classifies its debt instruments:

Financial instruments measured at amortized cost:

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial instruments measured at fair value through other comprehensive income (FVTOCI):

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and

b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in the statement of income for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to the statement of income.

Financial instruments measured at fair value through profit or loss (FVTPL):

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of income. The gain or loss on disposal is recognized in the statement of income.

Interest income is recognized in the statement of income for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the entity's right to receive dividend is established.

Other financial assets

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These comprise trade receivables and other assets.

Cash and cash equivalents

The Society's cash and cash equivalents consist of cash in hand and at banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand, at banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Society's cash management system. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

(ii) Financial liabilities

Financial liabilities include long and short-term loans and borrowings, trade payables, eligible current and non-current liabilities.

Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

(f) **Derecognition of financial instruments**

The Society derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. If the Society retains substantially all the risks and rewards of a transferred financial asset, the Society continues to recognize the financial asset and also recognizes a borrowing for the proceeds received. A financial liability (or a part of a financial liability) is derecognized from the Society's statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

(g) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) **Impairment**

(i) Financial Assets

The Society applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted using the effective interest rate.

Loss allowances for trade receivables and lease receivables are measured at an amount equal to lifetime expected credit loss. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into account risk profiling of customers and historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

Impairment provisions for receivables from related parties and debt instruments measured at FVOCI are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, life time expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime credit losses along with interest income on a net basis are recognised.

(ii) Non - Financial Assets

The Society assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Society estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of income. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(i) **Provision**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that the Society will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(j) **Employee Benefit**

(i) **Short-term employee benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Society recognises wages, salaries, bonuses and other allowances for current employees in the statement of surplus or deficit and other comprehensive income as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits if the Society has a present legal or constructive obligation to pay the amount as a result of past services provided by the employee and the obligation can be estimated reliably.

(ii) **Defined contribution plan**

The Society operates a defined contribution plan as stipulated in the Pension Reform Act, 2004. Under the defined contributory scheme, the Society contributes 10%, while its employees contribute 8% of their annual basic, housing and transport allowances to the scheme. Once the contributions have been paid, the Society retains no legal and constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. The Society's obligations are recognised in the statement of surplus or decifit as administrative expenses (employee benefits) when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(k) **Related party transactions**

Related parties include the Society's members of trustees, their close family members and any employee who is able to exert significant influence on the operating policies of the Society. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly.

The Society considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions with the Society, the transactions are disclosed separately as to the type of relationship that exists with the Society and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

(l) **Foreign currency**

In preparing the financial statements of the Society, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions and any exchange differences arising are included in the income statement of the reporting period.

At the end of each reporting period , monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e. not retranslated).

Foreign currency differences on loans and other borrowings are recognised as finance income and expenses. Other foreign currency differences as a result of transactions are recognised in the related items within the operating results.

(m) **Prepayments**

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of surplus or deficit and other comprehensive income.

(n) **Taxation**

(i) Current income tax

The income tax expense for the period comprises current and deferred tax expense. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Society operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Society is subject to the following types of current income tax:

- Company income tax - This relates to tax on revenue and profit generated by the Society during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date

- Tertiary education tax - Tertiary education tax is based on the assessable income of the Society and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended)

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

. taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

5. **Critical accounting estimates and judgements**

The Society makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) **Impairment of assets**

The Society 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 Society's estimated value in use. The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

(ii) **Estimates of useful lives and residual values**

The estimates of useful lives and residual values of property, plant and equipment impact the annual depreciation charge. The useful lives and residual values are based on the management experience and the condition of the assets.

(iii) **Income and deferred taxation**

The Society incurs income taxes and also recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

(iv) **Legal proceedings**

The Society reviews outstanding legal cases following developments in the legal proceedings at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Society's management as to how it will respond to the litigation, claim or assessment.

6. **Financial risk management**

General

Pursuant to a financial policy maintained by the Board of Trustees, the Society uses several financial instruments in the ordinary course of business. The Society's financial instruments are cash and cash equivalents, trade receivables, bank overdrafts and trade payables.

- The Society is exposed through its operations to the following financial risks:
- Credit risk
- Liquidity risk.
- Market risk, consisting of currency risk, interest rate risk and price risk

In common with all other businesses, the Society is exposed to risks that arise from its use of financial instruments. This note describes the Society's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Society's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments
The principal financial instruments used by the Society, from which financial instrument risk arises, are as follows:

- Receivables and prepayments
- Cash and cash equivalents
- Other payables

(ii) Financial instruments by category

	2018	2017
Financial assets	**N'000**	**N'000**
Cash and cash equivalents	171,377	188,183
Receivables and prepayments	26,444	14,135
Total financial assets	197,821	202,318

(iii) Financial instruments not measured at fair value
Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

Credit risk
Credit risk is the risk of financial loss to the Society if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Society's other receivables. The Society's exposure to credit risk is mainly determined by non-fulfilment of financial obligation by members. Credit risk also arises from cash and cash equivalents and deposits with banks and financial insitutions. Banks with good reputation are accepted by the Society for business transactions.

Cash in bank and short-term deposits
A significant amount of cash is held with the following institutions:

	2018	2017
	N'000	**N'000**
Access Bank Plc (Brandler)	-	6,139
Enterprise Bank Limited (now Heritage Bank Plc)	1	1
Fidelity Bank Plc (MTN Fund)	634	96
Fidelity Bank Plc-staff gratuity	-	24,356
Fidelity Bank Plc- (Current)	750	-
Fidelity Bank Plc- (domiciliary acccount)	1,654	1,654
Fidelity Bank Plc- ABRSM	283	275
Guaranty Trust Bank Plc	113	256
Guaranty Trust Bank Plc(domiciliary accout)	6,670	1,756
Guaranty Trust Bank Plc(Members donations account)	329	1,182
Guaranty Trust Bank Plc-Members Donations Investment	419	7,817
Skye Bank Plc (now Polaris Bank Limited) Domiciliary account	9	9
Union Bank of Nigeria Plc - Monday Amos Investment	1,439	1,387
Zenith Bank Plc- Endowment Fund	100,371	103,695
Zenith Bank Plc-Oye Williams	6,911	6,566
Zenith Bank Plc-Ayo Rosiji	20,774	19,603
Zenith Bank Plc	517	1,815
	140,874	176,607

The Management believes that deposits with the banks at the end of each period are collectible as all banks have good credit ratings.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The following are the contractual maturities of financial liabilities:

As at 31 December 2018	Book value	Contractual cashflow	One year or less	1-5 years	More than 5 years
	N'000	N'000	N'000	N'000	N'000
Other payables	110,357	110,357	110,357	-	-

As at 31 December 2017	Book value	Contractual cashflow	One year or less	1-5 years	More than 5 years
	N'000	N'000	N'000	N'000	N'000
Other payables	117,260	117,260	117,260	-	-

Market risk

Market risk concerns the risk that Society's income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Foreign exchange risk

The Society had no material exposure to foreign exchange risk during the year.

Interest rate risk

The Society was not exposed to interest rate risk as it did not borrow fund during the year.

			2018	2017
7.	**Revenue**			
(a)	**Annual subscriptions**		N'000	N'000
	Subscriptions		9,827	5,713
	Membership administration expenses (Note 7(a)(i))		(3,708)	(3,650)
	Net Income		6,119	2,063
i)	**Membership administration expenses**		N'000	N'000
	Medical expenses		320	200
	Printing, postage and stationery expenses		594	525
	Membership software		-	100
	Members' soiree		2,794	2,825
			3,708	3,650
(b)	**Donations**		N'000	N'000
	Donations (Note 7(bi)		1,275	8,747
(i)	**Name of donors**	**Purpose of donations**	N'000	N'000
	Members' donations	Support of the Society's operations	1,275	8,747
(c)	**Concerts**		N'000	N'000
	Income (Note 7(c)(i))		10,115	8,147
	Operating expenses (Note 7(c)(ii))		(33,607)	(35,498)
	Excess of expenditure over income		(23,492)	(27,351)
(i)	**Income**		N'000	N'000
	Advertising		850	1,200
	Bar sales		63	68
	Concert-sponsorship		810	1,000
	Renewal of box seats (Note 18(b)(ii))		4,000	4,000
	Concert tickets		3,899	1,571
	MUSON Orchestra/ Choir Rental		493	308
			10,115	8,147

		2018	2017
(ii)	**Operating expenses**	**N'000**	**N'000**
	Artistes' honoraria	3,046	2,771
	Artistes' expenses (Note 9(b)(i))	8,708	8,200
	Hall decoration	241	149
	Media and publicity	-	165
	MUSON choir allowance	4,716	5,439
	MUSON Orchestra expenses	4,447	6,150
	Photographs, video coverage and advertisement	1,126	485
	Printing, stationery and postages	2,303	1,786
	Rentage, ushers and photocopy	3,700	2,234
	Welfare of visiting artistes	3,234	1,014
		31,521	28,393
	Festival account (Note 7(c)(iii))	2,086	7,105
		33,607	35,498
(iii)	**Festival account**		
	Festival income	**N'000**	**N'000**
	Advertisement	2,980	1,780
	Bar sales	-	20
	Brochures	172	77
	Souvenir	15	-
	Sponsorships	20,470	8,200
	Tickets	3,540	2,002
		27,177	12,079
	Festival expenses	**N'000**	**N'000**
	Advertising and publicity	597	-
	Classical concerts	3,208	1,155
	Choral concerts	8,975	4,134
	Design and printing	3,854	3,743
	Drama	1,342	1,354
	Jazz festival	1,781	1,002
	Marketing and logistics	7,194	6,127
	MUSON Day	556	265
	My kind of Music	734	585
	Youths concert	1,022	819
		29,263	19,184
	Net festival expenses	(2,086)	(7,105)

			2018	2017
(d)	**School of Music**		**N'000**	**N'000**
	Income	(Note 7(d)(i))	125,214	76,693
	Operating expenses	(Note 7(d)(ii))	(56,767)	(59,155)
	Net income		68,447	17,538

		2018	2017
(i)	**Income**	**N'000**	**N'000**
	Commission on ABRSM examination fees	3,576	2,148
	Diploma tuition and books	27,122	26,989
	Donations for students' prizes	940	1,235
	Interest on Endowment Fund	6,192	7,530
	School competition	908	810
	Suzuki violin training fee	150	450
	Tuition and examination fees	25,066	24,073
	Vacation course, past questions/library	4,850	4,458
	Donation for school activities	4,335	-
	Donation-Others (Note 7(d)(i)(a))	43,075	-
	Zenith Bank Plc donation	9,000	9,000
		125,214	76,693

(a)	**Donation- Others**	**N'000**	**N'000**
	Gen T.Y Danjuma(Rtd)-Opera Department Subvention & ARH renovation	34,665	-
	Donation from Akintola Williams Foundation (AWF)	6,000	-
	Donation towards MUSON School of Music	1,350	-
	Donation for Salon Concert	50	-
	Other voluntary donations	1,010	-
		43,075	-

(ii)	**Operating expenses**	**N'000**	**N'000**
	Diploma students' transport subsidy	6,362	6,352
	Examination expenses	3,062	3,513
	Library expenses	71	912
	Medical expenses	1,368	1,315
	Miscellaneous	520	1,969
	MTN Foundation Books expenses	5,760	5,695
	Printing and stationery	1,543	1,532
	Repairs of piano	1,769	462
	School competition	2,238	2,248
	School internet expenses	343	602
	Students' prizes	2,094	1,175
	Suzuki violin training expenses	135	405
	Teachers' remuneration	31,502	32,975
		56,767	59,155

(e)	**MUSON centre**		**N'000**	**N'000**
	Income	(Note 7(e)(i))	252,066	252,612
	Operating expenses	(Note 7(e)(ii))	(233,148)	(222,965)
	Net Income		18,918	29,647

(i)	**Income**	**N'000**	**N'000**
	Hire of hall	210,855	217,722
	Rental income	18,250	11,000
	Surplus on catering services	22,961	23,890
		252,066	252,612

(ii)	**Operating expenses**	**N'000**	**N'000**
	Catering expenses	8,259	7,485
	Cleaning services	20,127	18,129
	Electricity, diesel and engine oil	54,525	48,263
	Depreciation of property, plant and equipment (Note 13)	30,062	28,595
	Medical	4,669	5,288
	Remuneration (Note 9 (b)(i))	78,082	75,608

	2018	2017
	N'000	N'000
Repairs and maintenance	34,422	34,523
Security uniforms	580	515
Septic tank and maintenance	752	3,924
Back duty assessment (LIRS PAYE/WHT Liability)	1,581	442
Table expenses	89	47
Telephone	-	146
	233,148	222,965

	2018	2017
8. **Other income**	N'000	N'000
Administrative charges on cancelled events	5,957	6,279
Income from ladder, piano, photocopy, cordless microphone and past brochure and compact disc	1,472	1,898
Projector control	1,499	1,731
Provision no longer required (Note 8(a))	152	6,929
Service charge	8,427	3,500
Sundry Income (Note 8(b))	2,122	1,349
Use of generators for extra hours	5,080	3,020
	24,709	24,706
(a) **Provision no longer required**	N'000	N'000
Other receivables (Note 16(c))	150	6,929
Inventory(MUSON CD)	2	-
	152	6,929
(b) **Sundry Income**	N'000	N'000
Income from bringing chairs to MUSON hall	1,120	1,100
Insurance	166	-
Use of MUSON garden	455	-
Other sundry income	381	249
	2,122	1,349
9. **Administrative expenses**	N'000	N'000
Amortisation of intangible assets (Note 14)	914	1,032
Auditors' fees	3,250	4,630
E-mail, internet services and computer maintenance	2,631	2,908
Unrealised exchange loss	789	1,050
Insurance	7,428	7,186
Marketing expenses	2,274	3,183
Medical expenses	2,540	2,728
Other professional services	3,405	2,877
Others - office expenses	6,589	2,551
Pension - Employer's contribution	7,618	7,972
Printing, stationery and telephone	12,980	8,427
Provision for receivables doubtful of recovery (Note 9(a))	170	481
Salaries and wages (Note 9 (b)(i))	33,335	38,391
Staff training and subscription	180	-
Tenement rate and ground rent (land use charge)	2,556	2,556
Terminal benefits	436	1,535
Travelling/transport expenses	2,936	3,266
Vehicle repairs and maintenance	5,866	5,128
Bank charges	877	1,013
	96,774	96,914
(a) Provision for receivables doubtful of recovery	N'000	N'000
Provision for other receivables (Note 16(c))	170	481

		2018	2017
(b)	**Salaries and wages**	**N'000**	**N'000**
	Pension cost	7,618	7,972
	Wages and salaries (Note 9(b)((i))	120,125	122,199
		127,743	130,171

	Salaries and wages	**N'000**	**N'000**
(i)	Artistes' expenses (Concert)(Note 7(c)(ii))	8,708	8,200
	Remuneration (MUSON Centre)(Note 7(e)(ii))	78,082	75,608
	Salaries and wages(Administrative Department) (Note 9)	33,335	38,391
		120,125	122,199

(ii) **Particulars of staff**

The average number of persons employed by the Society during the year was as follows:

	Number	Cost	Number	Cost
Department:		**N'000**		**N'000**
Administration	17	33,335	19	38,391
Concert	1	8,708	3	8,200
Muson centre	47	78,082	47	75,608
Total	65	120,125	69	122,199

(iii) The table below shows the number of employees who earned over N60,000 in the year and were within the bands stated:

N		**N**	**No.**	**No.**
Up	to	60,000	-	-
300,001	-	350,000	-	1
350,001	-	400,000	5	6
400,001	-	450,000	7	10
450,001	-	500,000	6	4
500,001	-	600,000	2	4
600,001	and	Above	45	44
			65	69

(iv) The Society's Trustees and members of its Committees do not receive any remuneration. Their services to the The Musical Society of Nigeria are selfless.

10. Finance income and expenses

Finance income	**N'000**	**N'000**
Interest on bank deposits	238	1,159
Interest on assets replacement fund	3,333	1,714
	3,571	2,873
Finance expenses		
Finance cost	-	-
Net finance income	3,571	2,873

11. Surplus/(deficit) before tax

	2018	2017
Surplus/(deficit) before tax is arrived at after charging:	**N'000**	**N'000**
Depreciation of property, plant and equipment	30,062	28,595
Unrealised exchange loss	789	1,050
Auditors' fees	3,250	4,630

12. Taxation

(a) Tax expense

Current tax expense	**N'000**	**N'000**
Income tax	-	1,375
Education tax	-	-
Total current tax expense	-	1,375
Deferred tax	-	-
Total tax expense	-	1,375

Reconciliation of total tax charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Nigeria applied to Surplus/(deficit) for the year are as follows:

	N'000	N'000
Surplus/(deficit) for the year before tax	2,773	(38,691)
Tax at the statutory corporation tax rate of 30%	832	(11,607)
Effect of income that is exempt from taxation	(18,753)	(6,781)
Depreciation non-deductible	(1,210)	(1,300)
Effect of expenses that are not deductible in determining taxable profit	17,983	23,814
Total loss carried forward	1,148	(2,751)
Tax expense recognised in statement of surplus or deficit	-	1,375
Effective rate	-	(0.04)

The charge for taxation has been computed in accordance with the provisions of the Companies Income Tax Act CAP C21 Laws of the Federation of Nigeria 2004 as amended to date and the Education Tax Act CAP E4 Laws of the Federation of Nigeria 2004. The charge for Company income tax is 30% (2017:30%) while education tax is 2% (2017:2%).

The Society is not a Company which is statutorily liable to pay Education tax in accordance with the provisions of Education Tax Act, CAF E4 LFN 2004 (as amended).

The Society is not liable to Income tax because it has no taxable profit for the year in accordance with the provisions of Companies Income Tax Act, CAP C21 LFN 2004 (as amended).

(b) Income tax payable

	N'000	N'000
Tax as per statement of financial position		
Balance at the beginning of the year:		
Income tax	1,375	2,461
Payments during the year:		
Income tax	(1,375)	(2,461)
Provision for the year:		
Income tax	-	1,375
Balance at the end of the year	-	1,375

(c) **Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2017: 30%).

The following are the major deferred tax liabilities and assets recognised by the Society and movements thereon during the current and prior reporting year:

	2018 N'000	2017 N'000
Balance at the beginning of the year	-	-
Reversal of temporary difference	-	-
Charge for the year	-	-
Balance at the end of the year	-	-

As a result of accelerated capital allowances the carrying amount of property, plant and equipment at 31 December 2018 on which capital allowances were computed, exceeded tax written down value by N215,684,340 (2017: N215,459,409). Unutilized capital allowances and allowance for impairment of receivables at the statement of financial position date were N437,863,374 (2017: N407,265,651) and N1,461,000 respectively, thus resulting into deferred tax assets of N67,121,230 (2017: N65,491,957) which have not been recognised on the ground of prudence.

Analysis of deferred tax

	Opening balance as at 1 January 2018	Recognized in net income	Recognized in OCI	Recognised directly in equity	Reclassify from equity to net income	Closing Balance at 31 December 2018
Deferred Tax Liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Difference between PPE carrying value and TWDV	-	64,705				64,705
Total	-	64,705	-	-	-	64,705
Deferred Tax Assets						
Allowance for impairment of receiv	-	468				468
Capital allowance c/f	-	131,359				131,359
Total	-	131,827	-	-	-	131,827
Net deferred tax liabilities/ (assets)	-	(67,122)	-	-	-	(67,122)

-

13. Property, plant and equipment

	Buildings	MUSON car park	Musical equipment	Other equipment	Computer	Motor Vehicles	Generators	Water Treatment plant/borehole	Fountain	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2017	174,366	47,181	76,543	198,302	12,214	22,004	114,253	12,614	7,000	664,477
Additions	-	-	265	10,763	1,027	-	-	-	-	12,055
Transfer from prepayments(Note 16(b))	1,819	-	-	40,433	-	-	-	-	-	42,252
At 31 December 2017	176,185	47,181	76,808	249,498	13,241	22,004	114,253	12,614	7,000	718,784
At 1 January 2018	176,185	47,181	76,808	249,498	13,241	22,004	114,253	12,614	7,000	718,784
Additions	-	-	2,000	10,619	-	-	13,324	-	-	25,943
At 31 December 2018	176,185	47,181	78,808	260,117	13,241	22,004	127,577	12,614	7,000	744,727
Depreciation										
At 1 January 2017	72,792	8,495	53,727	130,908	10,699	21,418	102,101	10,603	350	411,093
Charge for the year	3,506	943	2,757	16,063	1,055	586	2,705	280	700	28,595
At 31 December 2017	76,298	9,438	56,484	146,971	11,754	22,004	104,806	10,883	1,050	439,688
At 1 January 2018	76,298	9,438	56,484	146,971	11,754	22,004	104,806	10,883	1,050	439,688
Charge for the year	3,488	942	2,156	16,500	855	-	5,290	306	525	30,062
At 31 December 2018	79,786	10,380	58,640	163,471	12,609	22,004	110,096	11,189	1,575	469,750
Carrying amount:										
31 December 2018	N96,399	N36,801	N20,168	N96,646	N632	N-	N17,481	N1,425	N5,425	N274,977
31 December 2017	N99,887	N37,743	N20,324	N102,527	N1,487	N-	N9,447	N1,731	N5,950	N279,096

(a) The Society's property, plant and equipment is not pledged as security or collateral for any loan.

(b) There were no impairment losses recognised during the year (2017:Nil)

(c) In the opinion of the directors, there was no capital commitment as at 31 December 2018 (2017:Nil).

(d) The depreciation charged for the year is included in:

	2018	2017
	N'000	N'000
Administrative expenses (Note 7 (e)(ii))	30,062	28,595

14.	Intangible assets	Total
	Cost	**N'000**
	At 1 January 2017	8,635
	Additions	-
	At 31 December 2017	8,635
	At 1 January 2018	8,635
	Additions	-
	At 31 December 2018	8,635
	Amortisation	
	At 1 January 2017	6,366
	Charge for the year	1,032
	At 31 December 2017	7,398
	Amortisation	
	At 1 January 2018	7,398
	Charge for the year	914
	At 31 December 2018	8,312
	Carrying amount at:	
	31 December 2018	323
	31 December 2017	1,237

(a) The Society has no contractual commitment for its computer software at the statement of financial position date (2017:Nil)

		2018	2017
15.	**Inventories**	**N'000**	**N'000**
	Bar stock	275	150
	Diesel and engine oil	2,405	3,940
	Stationery/Souvenirs	1,976	2,086
	Utilities	3,951	3,049
		8,607	9,225
	Provision for slow moving inventories	(167)	(169)
		8,440	9,056
16.	**Receivables and prepayments**	**N'000**	**N'000**
	Receivables from tenants(Note 16(a))	18,064	1,652
	Zenith Bank Plc donation	-	4,500
	MTN Fund	4,054	5,175
	Advance ABSRM exam fees	731	-
	Other receivables	2,080	2,891
	Receivables from staff	331	332
	Prepayments	2,645	1,026
		27,905	15,576
	Less: provision for impairment on receivables and prepayments (Note 16(c))	(1,461)	(1,441)
		26,444	14,135

(a) **Movement in receivables from tenants is as stated below:**

	N'000	N'000
Balance at the beginning of the year	1,652	12,031
Additions during the year	40,251	15,152
Payments during the year	(23,839)	(21,351)
Amount written off during the year(Note 16(c))	-	(4,180)
Balance at the end of the year	18,064	1,652

(b) These relate to payments made to contractors in respect of the on-going capital projects in the Society and movement during the year is as follows:

	2018	2017
	N'000	N'000
Balance at the beginning of the year	-	12,166
Additions during the year	-	30,086
Transfer to property, plant and equipment (Note 13(b))	-	(42,252)
Balance at the end of the year	-	-

(c) **Movement in allowance for impairment is as stated below:**

	N'000	N'000
Balance at the beginning of the year	1,441	12,069
Provision no longer required(Note 8(a))	(150)	(6,929)
Provision written off(Note 16(a))	-	(4,180)
Provision during the year (Note 9(a))	170	481
Balance at the end of the year	1,461	1,441

17. **Cash and cash equivalents**

	N'000	N'000
Assets replacement investment(Note 17(a)	30,012	10,487
Bank deposits (Note 17b)	130,381	170,509
Cash at bank (Note 17d)	10,962	7,044
Cash in hand	22	143
	171,377	188,183

Cash and cash equivalents include cash in hand, balances at bank and short-term investments with less than three months maturity from the date of acquisition.

(a) **Assets replacement investment**

	N'000	N'000
Balance at the beginning of the year	10,487	30,773
Investments during the year	45,000	-
Withdrawals during the year	(28,808)	(22,106)
Interest	3,333	1,820
Balance at the end of the year	30,012	10,487

(b) **Bank deposits**

	N'000	N'000
Ranji David Fund	15	15
MUSON Fund	2	2
Ogunmekan Scholarship Fund	942	929
Fixed deposits (Note 17(c))	129,422	169,563
	130,381	170,509

(c) **Details of fixed deposits**

	N'000	N'000
Access Bank Plc (Brandler)	-	6,139
Fidelity Bank Plc-staff gratuity	-	24,356
Guaranty Trust Bank Plc-Members' Donations Investment	329	7,817
Union Bank of Nigeria Plc - Monday Amos Investment	1,439	1,387
Zenith Bank Plc Endowment Fund	100,000	103,695
Zenith Bank Plc.-Oye Williams	6,899	6,566
Zenith Bank Plc.-Ayo Rosiji	20,755	19,603
	129,422	169,563

		2018	2017
(d)	**Cash at bank**	**N'000**	**N'000**
	Enterprise Bank Limited	1	1
	Fidelity Bank Plc(current account)	751	-
	Fidelity Bank Plc (domiciliary acccount)	1,654	1,654
	Fidelity Bank Plc- ABRSM	283	275
	Fidelity Bank Plc (MTN Fund) (Note 17(e))	634	96
	Guaranty Trust Bank Plc	113	256
	Guaranty Trust Bank Plc (Members' donations account)	329	1,182
	Guaranty Trust Bank Plc(domiciliary account)	4,775	1,756
	Guaranty Trust Bank Plc(USD current account)	425	-
	Guaranty Trust Bank Plc(USD Card)	1,471	-
	Skye Bank Plc (domiciliary account)	9	9
	Zenith Bank Plc	517	1,815
		10,962	7,044

(e) The Fidelity Bank Plc MTN Fund represents the balance in MTN Nigeria Foundation Limited Fund.

18.	**Other payables**	**N'000**	**N'000**
	Accruals	21,355	12,070
	Audit fees	3,250	4,630
	Monday Amos Investment	1,440	1,387
	Pay As You Earn	2,791	2,529
	Pension	1,128	1,161
	Prepaid hire charges	28,896	20,284
	Salary payable	526	-
	Staff gratuity	-	24,854
	Sundry (Note 18(a))	14,175	12,245
	Deferred income (Note 18(b))	17,909	21,232
	Other payables-tax and security payments (Note 18(c))	18,887	16,868
		110,357	117,260
(a)	**Sundry**	**N'000**	**N'000**
	Donations received in advance	3,083	3,083
	Examination received in advance	-	70
	Rent recieved in advance	6,250	5,000
	Other payables	290	3,945
	Unidentified credits	4,552	147
		14,175	12,245

(b)	**Deferred income**		
(i)	**Subscription received in advance**		**N'000**
	Balance at the beginning of the year	232	373
	Additions during the year	847	122
	Amount recognised in statement of surplus or deficit	(170)	(263)
	Balance at the end of the year	909	232
(ii)	**Renewal of box seat licence**	**N'000**	**N'000**
	Balance at the beginning of the year	21,000	25,000
	Additions during the year	-	-
	Amount recognised in statement of surplus or deficit (Note 7(c)(i))	(4,000)	(4,000)
	Balance at the end of the year	17,000	21,000
	Grand total	17,909	21,232

		2018	2017
(c)	**Other payables tax and security payments**	**N'000**	**N'000**
	Consumption tax	1,193	2,074
	Value Added Tax	3,398	2,106
	Withholding tax	14,296	12,688
		18,887	16,868

19. Accumulated fund

	N'000	N'000
Balance at the beginning of the year	2,218	42,284
Surplus/(deficit) for the year	2,773	(40,066)
Balance at the end of the year	4,991	2,218

20. Building fund

Building fund represents donations received to date from corporate bodies, members and friends of the Society.

	N'000	N'000
Balance at the beginning and end of the year	163,144	163,144

21. MUSON School/Orchestra fund

MUSON School/Orchestra fund represents donations received to date from members, corporate bodies, friends of the Society and the operations of MUSON for the upgrading of the MUSON School of Music and for establishing a MUSON Orchestra.

	N'000	N'000
Balance at the beginning of the year	174,898	174,703
Interest on MUSON Orchestra Fund	-	195
Balance at the end of the year	174,898	174,898

The MUSON School/orchestra fund at 31 December 2018 is backed up by a sum of N100,000,000 placed in a fixed deposit account with Zenith Bank Plc by directives of the Board of Trustees, to earn interest which would be used to augument the funds available to meet MUSON's expatriate staff salaries.

22. Other Funds

(a)	**Rosiji fund**	**N'000**	**N'000**
	Balance at the begining of the year	19,604	18,460
	Interest received	1,150	1,144
	Balance at the end of the year	20,754	19,604
(b)	**Brandler fund**	**N'000**	**N'000**
	Balance at the begining of the year	6,138	5,680
	Interest received	332	458
	Amount utilised during the year	(6,470)	-
	Balance at the end of the year	-	6,138
(c)	**Ogunmekan fund**	**N'000**	**N'000**
	Balance at the begining of the year	452	436
	Interest received	13	16
	Balance at the end of the year	465	452
(d)	**James Adekunle Fund**	**N'000**	**N'000**
	Balance at the begining of the year	28	28
	Interest received	-	-
	Balance at the end of the year	28	28

		2018	2017
(e)	**Ranji David Memorial Fund**	**N'000**	**N'000**
	Balance at the beginning of the year	24	24
	Interest received	-	-
	Balance at the end of the year	24	24
(f)	**Oye Williams Fund**	**N'000**	**N'000**
	Balance at the begining of the year	6,566	6,214
	Interest received	334	352
	Balance at the end of the year	6,900	6,566
	Total balance at the end of the year	28,171	32,812

23. **Capital commitments**

There was no commitment to capital expenditure at the statement of financial position date (2017:Nil).

24. **Contingent liabilities**

There were no contingent liabilities at the statement of financial position date (2017: Nil).

25. **Events after the reporting period**

The Trustees are not aware of any events which occurred since 31 December 2018 which may have material effect on the financial statements at the date or which may need to be mentioned in the financial statements in order not to make them misleading as to the results of operations or financial position at 31 December 2018.

The main revenue of the Society from hall hire has been affected as a result of the lockdown and change in lifestyle of the populace. Donors have also been affected and this impacted the Society. However, in compliance with the requirements of the Financial Reporting Council of Nigeria (FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect of COVID-19, the Trustees have assessed its impact on the financial statements as a whole and are of the opinion that it has no material effect.

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

a) **IFRS 15 - Revenue from Contracts with Customers- Hall hire customers**

In the current financial year the Society adopted IFRS 15 Revenue from contracts with Customers with a transition date of 1 January 2018. Upon adoption of IFRS 15, the Society selected a retrospective method of accounting for revenue, which will involve restatement of comparative/prior year figures. However, the adoption of IFRS 15 has no material impact on the Society's income from hall hire and does not result into restatement of prior year financial statements, as income from hall hire was previously recognized when services were rendered to the customers and the customers confirmed the appropriateness of the services rendered.

b) **IFRS 9 - Financial instruments**

In the current period the Society has applied IFRS 9-Financial Instrumments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:

- The reclassification and measurement of financial assets and financial liabilities.
- Impairment for financial assets.
- General hedges accounting. There is no impact on the Society in relation to the impairment of trade receivables and hedge accounting.

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.

As at 1 January 2018, the Trustees of the Society reviewed and assessed the Society's existing trade receivables for impairment using reasonable and supportable information that is available without undue cost of effort in accordance with the requirments of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised. No adjustment was identified.

The adoption of IFRS 9 has no impact on the result and financial position of the Society at 1 January 2018 or in the current period. No material accounting policy changes have been made as a result of the adoption of this standard.

27. **Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS)1 issued by the International Accounting Standards Board.

OTHER NATIONAL DISCLOSURE -
STATEMENT OF VALUE ADDED

	2018 N'000	%	2017 N'000	%
Revenue	398,497		351,912	
Other income	24,709		24,706	
	423,206		376,618	
Less: Bought-in-materials and services				
Local	(262,628)		(256,543)	
Value added	160,578	100	120,075	100
% of Value added to revenue	40%		34%	
Applied to as follows				
Staff costs	127,743	79	130,171	108
Taxation	-	-	1,375	1
To Provide for replacement and future development				
- Depreciation of property, plant and equipment	30,062	19	28,595	24
- Surplus/(deficit) for the year	2,773	2	(40,066)	(33)
	160,578	100	120,075	100

The value added represents the wealth created through the use of the Society's assets by the employees of the Society and the allocation among the employees, providers of fund and retention for future creation of wealth.

Statement of financial position	2018	2017	2016	2015	2014
Funds Employed	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Accumulated fund	4,991	2,218	42,284	119,996	109,250
Building fund	163,144	163,144	163,144	163,144	163,144
MUSON School/Orchestra fund	174,898	174,898	174,703	170,820	165,497
Other funds	28,171	32,812	30,842	29,483	27,624
	371,204	373,072	410,973	483,443	465,515
Assets employed					
Property, plant and equipment	274,977	279,096	253,384	264,423	278,939
Intangible assets	323	1,237	2,269	-	-
Net current assets	95,904	92,739	155,320	219,020	186,576
	371,204	373,072	410,973	483,443	465,515

Income and expenditure account	N'000	N'000	N'000	N'000	N'000
Total net income	95,976	55,350	38,479	115,103	60,397
Administrative expenses	(96,774)	(96,914)	(114,118)	(107,347)	(100,169)
	(798)	(41,564)	(75,639)	7,756	(39,772)
Finance income	3,571	2,873	5,775	9,226	8,129
Finance expenses	-	-	(952)	(1,013)	(1,373)
Surplus/(deficit) before taxation	2,773	(38,691)	(70,816)	15,969	(33,016)
Taxation	-	(1,375)	(2,461)	(5,223)	(2,275)
Surplus/(deficit) after taxation	2,773	(40,066)	(73,277)	10,746	(35,291)