



THE MUSICAL SOCIETY OF NIGERIA

FINANCIAL STATEMENTS

31 DECEMBER 2020



Fellow Trustees and distinguished Members of MUSON, I welcome you most warmly to this 36th Annual General Meeting of our Society, the Musical Society of Nigeria.

FINANCIAL RESULTS

The uncertain global economic situation caused by the onslaught of the Covid-19 pandemic has influenced our income and most especially our expenditure. Regrettably, our sponsorships declined which meant the Society had to fall back on non-existent funds to fund its mission, which is the promotion and teaching of classical music.

Our financial results for 2020 shows a reduced surplus of N26.5million compared with an impressive surplus of N352.26million in 2019. The following are the key factors responsible for the overall result:

- Inflow of N25million from the Lagos State Government.
- T.Y. Danjuma donation of N45million for the continuous funding of the Society's Opera Programme and the refurbishment of Agip Recital Hall.
- Donation of N1,000,000 received from Lady Maiden Alex-Ibru
- Donation of N250,000 received from Chief Femi Majekodunmi
- N34million decrease was recorded from hall hire revenues.
- Net annual subscriptions increased by 6% or N0.396million from N6.44million in 2019 to N6.84million in 2020.

ACTIVITIES

Concerts

Deficit from concerts decreased by N25million or 94% during the year. This was due to covid-19 pandemic protocols when people were observing social distancing. Most of the concerts were held virtually. The following online concerts were streamed:

- The MUSON Choir and the Chamber Orchestra presented an online Independence Day Concert, conducted by Sir. Emeka Nwokedi - Live on YouTube - October 1st
- The Donors Appreciation Concert featuring the MUSON/MTNF Diploma Students - December.
- Excerpts from Famous Operas conducted by Jo Oparamanuike
- The first jointly sponsored MUSON/MANDILAS Christmas Concert held physically, featuring the MUSON Choir & Symphony Orchestra, conducted by Sir. Emeka Nwokedi, the Mandilas Choir and also a special appearance of child prodigy pianist, Joshua Akiotan.

MUSON Centre

The Society incurred a deficit of N34million from the Centre's operations in 2020 compared to the surplus of N85million in 2019. This was due to the impact of Covid-19 pandemic.

Membership

There was an improvement in the net income from membership subscriptions from N6.44million in 2019 to N6.84million in 2020.

School of Music

Net income from School of Music decreased by 77% or N272million from N353million in 2019 to N81million in 2020.

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

Surprisingly, even with the Covid restrictions, the school hosted over 600 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.

MUSON Festival

There was no physical staged festival programme during the year under review. This was due to the impact of Covid-19 pandemic and the social distancing rules. The following events from the past year were streamed online the MUSON YouTube Channel in the month of October to mark the festival:

- Rebeca Omordia & MUSON Artistes - with recordings of performances by Rebeca Omordia, (Piano) Chairman (MUSON), Mr. Louis Mbanefo (SAN) (Piano), Joseph Oparamanuike (Tenor), Jude Olabanji (Cello)
- Cultural Night - showing recordings featuring dances from Nigeria (Igbo, Yoruba, Hausa), China, Brazil & Azerbaijan
- Total Gala Night - featured recordings of the MUSON Choir, MUSON Orchestra and the MUSON Band.

CONCLUSION

The concern by the Board of Trustees over the diminishing income streams from hall hire, donations and sponsorships further deepened during the year. Among the measures taken by the Trustees to shore up the Society's operations expenditure was its 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 Fundraising Committee, in preparation for a renewed fund-raising drive. The Marketing & Fundraising Committee is chaired by Ms. Folashade Doherty.

The Board had also set up Members' Donation Account in 2016, which has now grown up to N10million, I thank all those who have contributed to the Members Donation 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-eight years ago. On your behalf I thank our esteemed Festival and Concerts' 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 the past.

As always, our huge debt of gratitude goes to the MTN Foundation, our major partner, and sponsors of our Diploma School scholarship scheme since 2006. We are confident that the Music School will be MUSON's most enduring legacy to Nigeria. The MTN Foundation will therefore go down in history for the scholarship it offers to every student admitted into the Diploma School has helped in ensuring that, from its inception, admission to the School has been 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.

In closing, I must pay special tribute to Princess Banke Ademola, director of the MUSON Diploma School, the deputy director, Mr. Emeka Nwokedi and to the Management ably led by the Chief Executive Officer, Mrs. Joyce Ayoola Jafojo, for their able handling of the day to day running of MUSON.

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



Mr. Louis Mbanefo (SAN)
Chairman MUSON

**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 2020, 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 2020 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, 2020.

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 paragraph 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.

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.

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, 2020 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.

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 the 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, 2020 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.

Lagos, Nigeria
22 April 2022


Olusegun Agbana-Anibaba
FRC/2013/ICAN/00000003667
For: BDO Professional Services
Chartered Accountants



THE MUSICAL SOCIETY OF NIGERIA
STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Results from operations:			
Annual subscriptions	7a	6,838	6,442
Donations	7b	-	120
Concerts	7c	(1,576)	(26,883)
School of Music	7d	81,355	353,033
MUSON centre	7e	<u>(34,323)</u>	<u>84,950</u>
Net surplus from operations		52,294	417,662
Other income	8	<u>26,284</u>	<u>23,641</u>
Total net income		78,578	441,303
Administrative expenses	9	<u>(53,284)</u>	<u>(87,491)</u>
		<u>25,294</u>	<u>353,812</u>
Finance income	10	1,197	4,230
Finance expenses	10	-	-
Net finance income		<u>1,197</u>	<u>4,230</u>
Surplus before taxation	11	26,491	358,042
Taxation	12	<u>-</u>	<u>(5,784)</u>
Surplus for the year after taxation		<u>26,491</u>	<u>352,258</u>
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		<u>-</u>	<u>-</u>
Total comprehensive surplus		<u>26,491</u>	<u>352,258</u>

The accompanying notes on pages 8 to 30 and other national disclosures on pages 31 and 32 form an integral part of these financial statements.


Auditors' report, pages 1 to 3

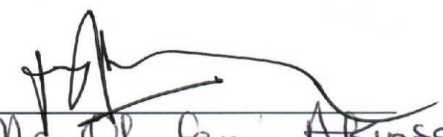
THE MUSICAL SOCIETY OF NIGERIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		2020	2019
	Notes	N'000	N'000
Non-current assets			
Property, plant and equipment	13	289,346	277,919
Intangible assets	14	-	-
		<u>289,346</u>	<u>277,919</u>
Current assets			
Inventories	15	4,781	4,909
Receivables and prepayments	16	63,145	18,597
Cash and cash equivalents	17	514,684	541,457
		<u>582,610</u>	<u>564,963</u>
Current liabilities			
Other payables	18	113,915	111,478
Taxation	12(b)	5,784	5,784
		<u>119,699</u>	<u>117,262</u>
Net current assets		<u>462,911</u>	<u>447,701</u>
Net assets		<u><u>752,257</u></u>	<u><u>725,620</u></u>
Funds			
Accumulated fund	19	383,740	357,249
Building fund	20	163,144	163,144
MUSON School/Orchestra fund	21	174,898	174,898
Other funds	22	30,475	30,329
		<u>752,257</u>	<u>725,620</u>

The financial statements and notes on pages 4 to 32 were approved and authorised for issue by the Board of Trustees of the Society on 7 April 2022 and signed on its behalf by:


Mr. Louis Mbanefo


Mr. Olufermi Akinsanya

The accompanying notes on pages 8 to 30 and other national disclosures on pages 31 and 32 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 2020

	Accumulated fund N'000	Building fund N'000	MUSON school/ Orchestra fund N'000	Other funds N'000	Total funds N'000
Balance at 1 January 2019	4,991	163,144	174,898	28,171	371,204
Comprehensive surplus:					
Surplus for the year	352,258	-	-	-	352,258
Other comprehensive income	-	-	-	-	-
Total comprehensive surplus	352,258	-	-	-	352,258
Transactions with members					
Changes in funds	-	-	-	2,158	2,158
Balance at 31 December 2019	357,249	163,144	174,898	30,329	725,620
	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2020	357,249	163,144	174,898	30,329	725,620
Comprehensive surplus:					
Surplus for the year	26,491	-	-	-	26,491
Other comprehensive income	-	-	-	-	-
Total comprehensive surplus	26,491	-	-	-	26,491
Transactions with members					
Changes in funds	-	-	-	146	146
Balance at 31 December 2020	383,740	163,144	174,898	30,475	752,257

The accompanying notes on pages 8 to 30 and other national disclosures on pages 31 and 32 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 2020

	Notes	2020 N'000	2019 N'000
Cash flows from operating activities			
Surplus for the year		26,491	352,258
<i>Adjustments for non -cash items:</i>			
Profit on disposal of property, plant and equipment	8	-	(80)
Finance income	10	(1,197)	(4,230)
Tax expense	12(a)	-	5,784
Depreciation of property, plant and equipment	13	31,839	34,890
Amortisation of intangible assets	14	-	323
Write back of Ranji David Memorial Fund	22(e)	-	(24)
		<u>57,133</u>	<u>388,921</u>
Decrease in inventories		128	3,531
(Increase)/decrease in receivables and prepayments		(44,548)	7,847
Increase in other payables		2,437	1,121
Cash generated from operations		<u>15,150</u>	<u>401,420</u>
Income tax paid	12(b)	-	-
Net cash generated from operating activities		<u>15,150</u>	<u>401,420</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(43,266)	(37,832)
Proceeds from disposal of property, plant and equipment		-	80
Finance income	10	1,197	4,230
Net cash outflows from investing activities		<u>(42,069)</u>	<u>(33,522)</u>
Cash flows from financing activities			
Other funds- additions	22(a-e)	146	2,182
- utilised during the year	22(a-e)	-	-
Net cash inflows from financing activities		<u>146</u>	<u>2,182</u>
Net (decrease)/ increase in cash and cash equivalents		(26,773)	370,080
Cash and cash equivalents at the beginning of the year		541,457	171,377
Cash and cash equivalents at the end of the year	17	<u>514,684</u>	<u>541,457</u>

The accompanying notes on pages 8 to 30 and other national disclosures on pages 31 and 32 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, 2020 and the requirements of the Society's rules and regulations.

The financial statements were authorised for issue by the Board of Trustees on 7 April 2022

(b) **Basis of measurement**

The financial statements have been prepared on the historical cost concept except for some financial instruments that were measured at 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 adopted from 1 January 2020**

New standards effective for adoption in the annual financial statements for the year ended 31 December 2020 but had no significant effect or impact on the Society are:

- IAS 1 Presentation of Financial Statements;
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material);
- Revisions to the Conceptual Framework for Financial Reporting;
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 1' and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

(b) New standards, amendments and interpretation issued not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Society has decided not to adopt early.

Standard/Interpretation		Effective date
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform	1 January 2021
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract Reform	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
IFRS 3	References to the Conceptual Framework	1 January 2022
IAS 16	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts In June 2020, the IASB issued amendments to IFRS 17	1 January 2023
IFRS 10 and IAS 28 Amendments	The International Accounting Standards Board (IASB) published Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) on 11 September 2014. The amendments clarify the accounting for transactions where a parent loses control of a subsidiary, that does not constitute a business as defined in IFRS 3 Business Combinations, by selling all or part of its interest in that subsidiary to an associate or a joint venture that is accounted for using the equity method	Deferred indefinitely

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 to 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 contract 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 item 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 statement of surplus or deficit 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 are 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 year 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 surplus or deficit 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 surplus or deficit.

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 surplus or deficit 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 surplus or deficit. 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, 2014. 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 deficit 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 statement of surplus or deficit of the reporting year.

At the end of each reporting year , 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 statement of surplus or deficit 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 - The Society is not a Company which is statutory liable to pay Education tax in accordance with the provisions of Education Tax Act, CAP E4 LFN 2004 (as 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

	2020 N'000	2019 N'000
Financial assets		
Cash and cash equivalents	514,684	541,457
Receivables and prepayments	63,145	18,597
Total financial assets	<u>577,829</u>	<u>560,054</u>

(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 values.

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 institutions. Banks with good reputation are accepted by the Society for business transactions.

Cash in bank and short-term deposits

The amount of cash is held with the following institutions:

	2020 N'000	2019 N'000
Assets replacement investment(Note 17(a))	25,784	24,595
Fidelity Bank Plc (MTN Fund)	1,118	1,097
Fidelity Bank Plc- (Current)	24,354	19,375
Fidelity Bank Plc-Ogunmekan Scholarship Fund	960	959
Fidelity Bank Plc- (domiciliary account)	340	270
Fidelity Bank Plc- ABRSM	22,538	14,392
Guaranty Trust Bank Plc	69,085	41,781
Guaranty Trust Bank Plc(domiciliary account)	45,086	40,353
Guaranty Trust Bank Plc(Members donations account)	-	10,349
Guaranty Trust Bank Plc-Members Donations Investment	10,805	447
Guaranty Trust Bank Plc(USD current account)	954	1,250
Guaranty Trust Bank Plc(USD Card)	242	23
Skye Bank Plc (now Polaris Bank Limited) Domiciliary account	9	9
Union Bank of Nigeria Plc - Monday Amos Investment	1,500	1,495
Zenith Bank Plc- Endowment Fund	107,688	107,045
Zenith Bank Plc-Oye Williams	7,339	7,302
Zenith Bank Plc-Ayo Rosiji	22,148	22,040
Zenith Bank Project Account	154,697	200,000
Zenith Bank Plc	20,037	48,575
	<u>514,684</u>	<u>541,357</u>

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 2020	Book value	Contractual cashflow		One year	1-5 years	More than
	N'000	N'000	N'000	or less	N'000	5 years
				N'000	N'000	N'000
Other payables	113,915	113,915	113,915	113,915	-	-
As at 31 December 2019	Book value			One year	1-5 years	More than
				or less	N'000	5 years
				N'000	N'000	N'000
Other payables	111,478	111,478	111,478	111,478	-	-

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.

7. Revenue	2020	2019
(a) Annual subscriptions	N'000	N'000
Subscriptions	6,884	6,505
Membership administration expenses (Note 7(a)(i))	(46)	(63)
Net Income	6,838	6,442
(i) Membership administration expenses	N'000	N'000
Printing, postage and stationery expenses	46	63
(b) Donations	N'000	N'000
Donations (Note 7(b)(i))	-	120
(i) Name of donors Purpose of donations	N'000	N'000
Members' donations Support of the Society's operations	-	120
(c) Concerts	N'000	N'000
Income (Note 7(c)(i))	11,093	8,614
Operating expenses (Note 7(c)(ii))	(12,669)	(35,497)
Excess of expenditure over income	(1,576)	(26,883)
(i) Income	N'000	N'000
Advertising	188	550
Bar sales	-	196
Children fiesta	-	189
Concert-sponsorship	5,600	-
Concert tickets	21	1,889
Renewal of box seats (Note 18(b)(ii))	4,000	4,000
MUSON Orchestra/ Choir Rental	1,284	1,790
	11,093	8,614

	2020	2019
	N'000	N'000
(ii) Operating expenses		
Artistes' honoraria	3,397	580
Artistes' expenses (Note 9(b)(i))	-	-
Catering expenses for concert	479	1,175
Children day fiesta	-	405
Hall decoration	284	178
MUSON choir allowance	585	3,694
MUSON Opera expenses	-	3,358
MUSON Orchestra expenses	-	4,919
Piano tuning and repairs	577	584
Photographs, video coverage and advertisement	6,463	2,227
Printing, stationery and postages	296	1,786
Programme and event expenses	47	554
Rentage, ushers and photocopy	541	2,051
Telephone expenses	-	150
Welfare of visiting artistes	-	381
	<u>12,669</u>	<u>22,042</u>
Festival account (Note 7(c)(iii))	-	13,455
	<u><u>12,669</u></u>	<u><u>35,497</u></u>
(iii) Festival account		
Festival income	N'000	N'000
Advertisement	-	3,570
Brochures	-	150
Donations	-	500
Souvenir	-	20
Sponsorships	-	6,000
Tickets	-	3,043
	<u>-</u>	<u>13,283</u>
Festival expenses	N'000	N'000
Advertising and publicity	-	1,000
Classical concerts	-	3,800
Choral concerts	-	5,831
Design and printing	-	2,445
Drama	-	2,991
Indigenous/ Cultural dance	-	105
Jazz festival	-	1,653
Marketing and logistics	-	5,804
MUSON Day	-	932
My kind of Music	-	711
Public relation	-	330
Youths concert	-	1,136
	<u>-</u>	<u>26,738</u>
Net festival expenses	<u>-</u>	<u>(13,455)</u>
(d) School of Music		
Income (Note 7(d)(i))	123,401	398,424
Operating expenses (Note 7(d)(ii))	(42,046)	(45,391)
Net income	<u><u>81,355</u></u>	<u><u>353,033</u></u>

	2020 N'000	2019 N'000
(i) Income		
Commission on ABRSM examination fees	1,427	6,965
Diploma tuition and books	33,774	34,491
Donations for students' prizes	500	2,048
Interest on Endowment Fund	643	7,045
School competition	1,598	1,887
Suzuki violin training fee	-	150
Tuition and examination fees	13,871	44,115
Vacation course, past questions/library	338	4,590
Donation-Others (Note 7(d)(i)(a))	71,250	295,050
Donation for musical trip	-	2,083
	123,401	398,424
(a) Donation- Others	N'000	N'000
Gen T.Y Danjuma(Rtd)-Opera Department Subvention & ARH renovation	45,000	45,000
Donation From Zenith bank for renovation of Shell Hall	-	200,000
Other voluntary donations	26,250	50,050
	71,250	295,050
(ii) Operating expenses	N'000	N'000
Diploma students' transport subsidy	14,524	5,034
Examination expenses	758	5,238
Library expenses	221	63
Medical expenses	-	545
Miscellaneous	180	286
MUSON school choir	101	184
MTN Foundation Books expenses	5,760	5,760
Printing and stationery	46	1,221
Donation expenses	2,500	-
Repairs of piano	664	233
School competition	300	1,713
School internet expenses	492	614
Students' prizes	500	1,100
Suzuki violin training expenses	-	120
Travelling expenses	-	153
Teachers' remuneration	16,000	23,127
	42,046	45,391
(e) MUSON centre	N'000	N'000
Income (Note 7(e)(i))	89,568	294,651
Operating expenses (Note 7(e)(ii))	(123,891)	(209,701)
Net (deficit)/income	(34,323)	84,950
(i) Income	N'000	N'000
Guest flat	160	160
Hire of hall	66,377	248,549
Rental income	18,250	19,500
Catering services	4,781	26,442
	89,568	294,651
(ii) Operating expenses	N'000	N'000
Catering expenses	1,438	8,199
Cleaning services	6,798	15,505
Electricity, diesel and engine oil	20,203	56,829
Depreciation of property, plant and equipment (Note 13)	31,839	34,890
Remuneration (Note 9 (b)(i))	56,647	74,982

	2020	2019
	N'000	N'000
Repairs and maintenance	6,430	17,628
Security uniforms	62	132
Septic tank and maintenance	439	1,352
Table expenses	35	184
	123,891	209,701
8. Other income	N'000	N'000
Administrative charges on cancelled events	-	4,508
Income from ladder, piano, photocopy, cordless microphone and past brochure and compact disc	482	1,820
Projector control	221	1,334
Provision no longer required (Note 8(a))	11,579	1,658
Profit from disposal of property, plant and equipment	-	80
Service charge	4,992	7,248
Sundry Income (Note 8(b))	1,099	1,359
Unrealised exchange gain	5,446	1,076
Use of generators for extra hours	2,465	4,558
	26,284	23,641
(a) Provision no longer required	N'000	N'000
Other receivables (Note 16(c))	-	170
Accrued expenses	11,179	1,488
Trade receivables (Note 16(d))	400	-
	11,579	1,658
(b) Sundry Income	N'000	N'000
Income from bringing chairs to MUSON hall	775	900
Insurance	-	83
Use of MUSON garden	-	50
Other sundry income	324	326
	1,099	1,359
9. Administrative expenses	N'000	N'000
Amortisation of intangible assets (Note 14)	-	323
Auditors' fees	3,250	3,250
Bad debt written off	140	-
E-mail, internet services and computer maintenance	1,846	1,997
Unrealised exchange loss	295	-
Insurance	2,300	4,438
Marketing expenses	1,958	2,135
Medical expenses	2,857	2,293
LIRS PAYE/WHT liability	-	796
Other professional services	905	1,805
Others - office expenses	2,617	3,116
Pension - Employer's contribution	5,913	7,853
Printing, stationery and telephone	3,951	4,313
Provision for receivables doubtful of recovery (Note 9(a))	-	14,854
Salaries and wages (Note 9 (b)(i))	24,574	34,296
Tenement rate and ground rent (land use charge)	999	1,254
Travelling/transport expenses	217	1,166
Vehicle repairs and maintenance	919	2,822
Bank charges	543	780
	53,284	87,491
(a) Provision for receivables doubtful of recovery	N'000	N'000
Provision for other receivables (Note 16(c))	-	50
Provision for receivable from tenants (Note 16(d))	-	14,804
	-	14,854

	2020	2019
	N'000	N'000
(b) Salaries and wages		
Pension cost	5,913	7,853
Wages and salaries (Note 9(b)(i))	81,221	109,278
	<u>87,134</u>	<u>117,131</u>
Salaries and wages	N'000	N'000
(i) Artistes' expenses (Concert)(Note 7(c)(ii))	-	-
Remuneration (MUSON Centre)(Note 7(e)(ii))	56,647	74,982
Salaries and wages(Administrative Department) (Note 9)	24,574	34,296
	<u>81,221</u>	<u>109,278</u>

(ii) Particulars of staff

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

Department:	Number	Cost N'000	Number	Cost N'000
Administration	11	24,574	22	34,296
Muson centre	23	56,647	30	74,982
Total	<u>34</u>	<u>81,221</u>	<u>52</u>	<u>109,278</u>

(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	-	-
350,001	-	400,000	-	2
400,001	-	450,000	3	5
450,001	-	500,000	1	4
500,001	-	600,000	3	2
600,001	and	Above	27	39
			<u>34</u>	<u>52</u>

(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

	N'000	N'000
Finance income		
Interest on bank deposits	8	1,016
Interest on assets replacement fund (Note 17(a))	1,189	3,214
	<u>1,197</u>	<u>4,230</u>
Finance expenses		
Finance cost	-	-
Net finance income	<u>1,197</u>	<u>4,230</u>

11. Surplus before tax	2020	2019
Surplus before tax is arrived at after charging:	N'000	N'000
Depreciation of property, plant and equipment	31,839	34,890
Unrealised exchange loss	295	-
Auditors' fees	3,250	3,250
crediting		
Unrealised exchange gain	5,446	1,076

12. Taxation

(a) **Tax expense**

Current tax expense	N'000	N'000
Income tax	-	5,784
Education tax	-	-
Total current tax expense	-	5,784
Deferred tax	-	-
Total tax expense	-	5,784

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 for the year are as follows:

	N'000	N'000
Surplus for the year before tax	26,491	358,042
Tax at the statutory corporation tax rate of 30%	7,947	107,413
Effect of income that is exempt from taxation	(44,167)	(100,196)
Depreciation non-deductible	-	-
Effect of expenses that are not deductible in determining taxable profit	-	13,506
Total loss as per Tax computations	24,551	-
Capital allowance relieved	11,669	(13,815)
Loss relieved	-	(1,148)
Balancing charge	-	24
Tax expense recognised in statement of surplus or deficit	-	5,784
Effective rate (%)	-	2%

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 Companies income tax is 30% (2019:30%) while education tax is 2% (2019:2%).

The Society is not a Company which is statutorily liable to pay Education tax in accordance with the provisions of Education Tax Act, CAP E4 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	5,784	-
Payments during the year:		
Income tax	-	-
Provision for the year:		
Income tax	-	5,784
Balance at the end of the year	5,784	5,784

(c) **Deferred tax**

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2019: 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:

	2020 N'000	2019 N'000
Balance at the beginning of the year	-	-
Reversal of temporary difference	-	-
Charge for the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

Analysis of deferred tax

	Opening balance as at 1 January 2020	Recognized in net income	Recognized in OCI	Recognised directly in equity	Reclassify from equity to net income	Closing Balance at 31 December 2020
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred Tax Liabilities						
Difference between PPE carrying value and TWDV	-	66,569				66,569
Unrealised exchange gain	-	1,743	-	-	-	1,743
Total	-	68,312	-	-	-	68,312
Deferred Tax Assets						
Allowance for impairment of receivables	-	429				429
Allowance for impairment of other receivables	-	4,609	-	-	-	4,609
Capital allowance c/f	-	149,255				149,255
Total	-	154,293	-	-	-	154,293
Net deferred tax liabilities/ (assets)	-	(85,981)	-	-	-	(85,981)

The movement in deferred tax of N85,981,000 was not recognised in these financial statements because the Society may not be able to utilise the deferred tax asset in the foreseeable future.

13. <u>Property, plant and equipment</u>	MUSON		Musical	Other	Computer	Motor	Water Treatment			Total
	Buildings	car park	equipment	equipment	Computer	Vehicles	Generators	plant/borehole	Fountain	
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2019	176,185	47,181	78,808	260,117	13,241	22,004	127,577	12,614	7,000	744,727
Additions	8,851	-	3,074	17,635	132	339	7,801	-	-	37,832
Disposal	-	-	-	-	-	(1,260)	-	-	-	(1,260)
At 31 December 2019	185,036	47,181	81,882	277,752	13,373	21,083	135,378	12,614	7,000	781,299
At 1 January 2020	185,036	47,181	81,882	277,752	13,373	21,083	135,378	12,614	7,000	781,299
Additions	4,550	-	555	28,515	690	-	8,796	160	-	43,266
Disposal	-	-	-	-	-	-	-	-	-	-
At 31 December 2020	189,586	47,181	82,437	306,267	14,063	21,083	144,174	12,774	7,000	824,565
<u>Depreciation</u>										
At 1 January 2019	79,786	10,380	58,640	163,471	12,609	22,004	110,096	11,189	1,575	469,750
Charge for the year	5,887	944	3,358	17,824	458	27	5,374	318	700	34,890
Disposal	-	-	-	-	-	(1,260)	-	-	-	(1,260)
At 31 December 2019	85,673	11,324	61,998	181,295	13,067	20,771	115,470	11,507	2,275	503,380
At 1 January 2020	85,673	11,324	61,998	181,295	13,067	20,771	115,470	11,507	2,275	503,380
Charge for the year	3,782	944	3,200	18,188	305	85	4,302	333	700	31,839
Disposal	-	-	-	-	-	-	-	-	-	-
At 31 December 2020	89,455	12,268	65,198	199,483	13,372	20,856	119,772	11,840	2,975	535,219
<u>Carrying amount:</u>										
31 December 2020	N100,131	N34,913	N17,239	N106,784	N691	N227	N24,402	N934	N4,025	N289,346
31 December 2019	N99,363	N35,857	N19,884	N96,457	N306	N312	N19,908	N1,107	N4,725	N277,919

- (a) The Society's property, plant and equipment are not pledged as security or collateral for any loan.
 (b) There were no impairment losses recognised during the year (2019:Nil)
 (c) In the opinion of the Trustees, there was no capital commitment as at 31 December 2020 (2019:Nil).
 (d) The depreciation charged for the year is included in:

	2020	2019
	N'000	N'000
Administrative expenses (Note 7 (e)(ii))	<u>31,839</u>	<u>34,890</u>

14.	<u>Intangible assets</u>	Total
	<u>Cost</u>	N'000
	At 1 January 2019	8,635
	Additions	-
	At 31 December 2019	8,635
	At 1 January 2020	8,635
	Additions	-
	At 31 December 2020	8,635
	<u>Amortisation</u>	
	At 1 January 2019	8,312
	Charge for the year	323
	At 31 December 2019	8,635
	<u>Amortisation</u>	
	At 1 January 2020	8,635
	Charge for the year	-
	At 31 December 2020	8,635
	<u>Carrying amount at:</u>	
	31 December 2020	-
	31 December 2019	-

(a) The Society has no contractual commitment for its computer software at the statement of financial position date (2019:Nil)

		2020		2019
		N'000		N'000
15.	<u>Inventories</u>			
	Bar stock	42		148
	Diesel and engine oil	2,329		1,394
	Stationery/Souveniris	892		1,349
	Utilities	1,685		2,185
		4,948		5,076
	Provision for slow moving inventories	(167)		(167)
		4,781		4,909
16.	<u>Receivables and prepayments</u>	N'000		N'000
	Receivable from tenants(Note 16(a))	7,852		6,631
	MTN Fund	8,306		8,929
	Other receivables	2,479		3,738
	Receivables from staff	687		431
	Prepayments	-		209
	Deposits for capital projects (Note 16b)	45,162		-
		64,486		19,938
	Less: allowance for impairment on receivables and prepayments (Note 16(c))	(1,341)		(1,341)
		63,145		18,597
(a)	Movement in receivable from tenants is as stated below:			N'000
		N'000		
	Balance at the beginning of the year	21,435		18,064
	Additions during the year	22,152		31,479
	Payments during the year	(21,331)		(28,108)
		22,256		21,435
	Less: allowance for impairment on receivable from tenants (Note 16(d))	(14,404)		(14,804)
	Balance at the end of the year	7,852		6,631

(b) **Deposit for capital projects**

This represents payments made to contractors in respect of the on-going capital projects in the Society and movement during the year is as follows:

	2020 N'000	2019 N'000
Balance at the beginning of the year	-	-
Additions during the year	77,601	-
Amount transferred to property, plant and equipment during the year	<u>(32,439)</u>	-
Balance at the end of the year	<u>45,162</u>	<u>-</u>

(c) **Movement in allowance for impairment on receivables and prepayments is as stated below:**

	N'000	N'000
Balance at the beginning of the year	1,341	1,461
Provision no longer required(Note 8(a))	-	(170)
Allowance during the year (Note 9(a))	-	50
Balance at the end of the year	<u>1,341</u>	<u>1,341</u>

(d) **Movement in allowance for impairment on receivable from tenants is as stated below:**

	N'000	N'000
Balance at the beginning of the year	14,804	-
Provision no longer required(Note 8(a))	(400)	-
Allowance during the year (Note 9(a))	-	14,804
Balance at the end of the year	<u>14,404</u>	<u>14,804</u>

17. **Cash and cash equivalents**

	N'000	N'000
Assets replacement investment(Note 17(a))	25,784	24,595
Bank deposits (Note 17b)	150,440	139,288
Cash at bank (Note 17c)	338,460	377,474
Cash in hand	-	100
	<u>514,684</u>	<u>541,457</u>

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	24,595	30,012
Withdrawals during the year	-	(8,631)
Interest (Note 10)	1,189	3,214
Balance at the end of the year	<u>25,784</u>	<u>24,595</u>

(b) **Bank deposits -Details of fixed deposits**

	N'000	N'000
Guaranty Trust Bank Plc-Members' Donations Investment	10,805	447
Fidelity Bank Plc-Ogunmekan Scholarship Fund	960	959
Union Bank of Nigeria Plc - Monday Amos Investment	1,500	1,495
Zenith Bank Plc Endowment Fund	107,688	107,045
Zenith Bank Plc.-Oye Williams	7,339	7,302
Zenith Bank Plc.-Ayo Rosiji	<u>22,148</u>	<u>22,040</u>
	<u>150,440</u>	<u>139,288</u>

	2020	2019
	N'000	N'000
(c) Cash at bank		
Fidelity Bank Plc(current account)	24,354	19,375
Fidelity Bank Plc (domiciliary account)	340	270
Fidelity Bank Plc- ABRSM	22,538	14,392
Fidelity Bank Plc (MTN Fund) (Note 17(d))	1,118	1,097
Guaranty Trust Bank Plc	69,085	41,781
Guaranty Trust Bank Plc (Members' donations account)	-	10,349
Guaranty Trust Bank Plc(domiciliary account)	45,086	40,353
Guaranty Trust Bank Plc(USD current account)	954	1,250
Guaranty Trust Bank Plc(USD Card)	242	23
Skye Bank Plc (domiciliary account)	9	9
Zenith Bank Project Account	154,697	200,000
Zenith Bank Plc	20,037	48,575
	<u>338,460</u>	<u>377,474</u>

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

18. Other payables	N'000	N'000
Accruals	-	9,957
Audit fees	3,250	3,250
Monday Amos Investment	1,500	1,495
Pay As You Earn	1,417	1,658
Pension	-	36
Prepaid hire charges	33,461	17,082
Sundry (Note 18(a))	47,341	46,989
Deferred income (Note 18(b))	9,320	13,401
Other payables-tax and security payments (Note 18(c))	17,626	17,610
	<u>113,915</u>	<u>111,478</u>

(a) Sundry	N'000	N'000
Donations received in advance	1,000	1,000
Refundable deposit	1,352	1,311
Rent recieved in advance	-	6,250
Exam fees payable to ABRSM	41,227	35,181
Other payables	-	560
Unidentified credits	3,762	2,687
	<u>47,341</u>	<u>46,989</u>

(b) Deferred income		
(i) Subscription received in advance	N'000	N'000
Balance at the beginning of the year	401	909
Additions during the year	130	235
Amount recognised in statement of surplus or deficit	(211)	(743)
Balance at the end of the year	<u>320</u>	<u>401</u>
(ii) Renewal of box seat licence	N'000	N'000
Balance at the beginning of the year	13,000	17,000
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	<u>9,000</u>	<u>13,000</u>
Grand total	<u>9,320</u>	<u>13,401</u>

	2020	2019
	N'000	N'000
(c) Other payables tax and security payments		
Consumption tax	878	542
Value Added Tax	1,317	2,142
Withholding tax	15,431	14,926
	<u>17,626</u>	<u>17,610</u>
19. <u>Accumulated fund</u>		
	N'000	N'000
Balance at the beginning of the year	357,249	4,991
Surplus for the year	26,491	352,258
Balance at the end of the year	<u>383,740</u>	<u>357,249</u>
20. <u>Building fund</u>		
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	<u>163,144</u>	<u>163,144</u>
21. <u>MUSON School/Orchestra fund</u>		
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	174,898
Interest on MUSON Orchestra Fund	-	-
Balance at the end of the year	<u>174,898</u>	<u>174,898</u>
The MUSON School/orchestra fund at 31 December 2020 is backed up by a sum of N107,687,736 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 augment the funds available to meet MUSON's expatriate staff salaries.		
22. <u>Other Funds</u>		
(a) Rosiji fund	N'000	N'000
Balance at the beginning of the year	22,040	20,754
Interest received	108	1,286
Balance at the end of the year	<u>22,148</u>	<u>22,040</u>
(b) Ogunmekan fund	N'000	N'000
Balance at the beginning of the year	959	465
Interest received	1	17
Recognition of additional investment	-	477
Balance at the end of the year	<u>960</u>	<u>959</u>
(c) James Adekunle Fund	N'000	N'000
Balance at the beginning of the year	28	28
Interest received	-	-
Balance at the end of the year	<u>28</u>	<u>28</u>

	2020	2019
	N'000	N'000
(d) Oye Williams Fund		
Balance at the beginning of the year	7,302	6,900
Interest received	37	402
Balance at the end of the year	7,339	7,302
 (e) Ranji David Memorial Fund	 N'000	 N'000
Balance at the beginning of the year	-	24
Interest received	-	-
Write back	-	(24)
Balance at the end of the year	-	-
 Total balance at the end of the year	 30,475	 30,329

23. **Capital commitments**

There is a commitment to capital expenditure amounting to N9.7million at the statement of financial position date (2019:Nil).

24. **Contingent liabilities**

There were no contingent liabilities at the statement of financial position date (2019: Nil).

25. **Events after the reporting year**

The Trustees are not aware of any events which occurred since 31 December 2020 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 2020.

In compliance with the requirements of the Financial Reporting Council of Nigeria (FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect to 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. **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.

	2020 N'000	%	2019 N'000	%
Revenue	230,946		708,314	
Other income	26,284		23,641	
	<u>257,230</u>		<u>731,955</u>	
Less: Bought-in-materials and services				
Local	<u>(111,766)</u>		<u>(221,892)</u>	
Value added	<u>145,464</u>	<u>100</u>	<u>510,063</u>	<u>100</u>
% of Value added to revenue	<u>63%</u>		<u>72%</u>	
Applied to as follows				
Staff costs	87,134	60	117,131	23
Taxation	-	-	5,784	1
To Provide for replacement and future development				
- Depreciation of property, plant and equipment	31,839	22	34,890	7
- Surplus for the year	<u>26,491</u>	<u>18</u>	<u>352,258</u>	<u>69</u>
	<u>145,464</u>	<u>100</u>	<u>510,063</u>	<u>100</u>

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 funds and retention for future creation of wealth.

THE MUSICAL SOCIETY OF NIGERIA
 FINANCIAL STATEMENTS, 31 DECEMBER 2020
 OTHER NATIONAL DISCLOSURE -
 FIVE YEAR FINANCIAL SUMMARY

32

Statement of financial position	2020	2019	2018	2017	2016
Funds Employed	N'000	N'000	N'000	N'000	N'000
Accumulated fund	383,740	357,249	4,991	2,218	42,284
Building fund	163,144	163,144	163,144	163,144	163,144
MUSON School/Orchestra fund	174,898	174,898	174,898	174,898	174,703
Other funds	30,475	30,329	28,171	32,812	30,842
	<u>752,257</u>	<u>725,620</u>	<u>371,204</u>	<u>373,072</u>	<u>410,973</u>
Assets employed					
Property, plant and equipment	289,346	277,919	274,977	279,096	253,384
Intangible assets	-	-	323	1,237	2,269
Net current assets	462,911	447,701	95,904	92,739	155,320
	<u>752,257</u>	<u>725,620</u>	<u>371,204</u>	<u>373,072</u>	<u>410,973</u>
Income and expenditure account	N'000	N'000	N'000	N'000	N'000
Total net income	78,578	441,303	95,976	55,350	38,479
Administrative expenses	(53,284)	(87,491)	(96,774)	(96,914)	(114,118)
	25,294	353,812	(798)	(41,564)	(75,639)
Finance income	1,197	4,230	3,571	2,873	5,775
Finance expenses	-	-	-	-	(952)
	<u>26,491</u>	<u>358,042</u>	<u>2,773</u>	<u>(38,691)</u>	<u>(70,816)</u>
Surplus/(deficit) before taxation					
Taxation	-	(5,784)	-	(1,375)	(2,461)
	<u>26,491</u>	<u>352,258</u>	<u>2,773</u>	<u>(40,066)</u>	<u>(73,277)</u>
Surplus/(deficit) after taxation					