

OUTLIERS PROFESSIONALS LTD

# CFO FINANCIAL REPORTING & YEAR-END CLOSING TOOLKIT

2026 EDITION | ENHANCED EDITION

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*A Practical Implementation Guide for CFOs, Finance Directors & Audit Committees*

Covering IFRS | CAMA 2020 | FRC Requirements | Year-End Close | Audit Readiness | Tax Review | Board Reporting

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IFRS Advisory | Financial Reporting | Audit Readiness | CFO Advisory

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*This toolkit is published by Outliers Professionals Ltd as a free resource for the Nigerian finance community. For implementation support, advisory services, or customised workshops, contact [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)*

## EXECUTIVE SUMMARY

Financial reporting quality is the foundation on which investor confidence, regulatory compliance, and organisational credibility are built. For Nigerian businesses navigating the intersection of IFRS requirements, CAMA 2020 obligations, FRC standards, and NRS tax reporting frameworks, the year-end financial close is the single most consequential financial management process of the year — and the one most vulnerable to error, omission, and delay.

This toolkit has been developed by Outliers Professionals Ltd as a practical, implementation-focused resource for CFOs, Finance Directors, Financial Controllers, and Audit Committee members. It provides a structured framework for managing the year-end close process, achieving audit readiness, meeting regulatory filing obligations, and presenting financial results to boards and stakeholders with confidence.

### Why Financial Reporting Quality Matters

- Financial statements are the primary basis on which banks, investors, regulators, counterparties, and shareholders assess the health and credibility of your organisation
- Poor-quality financial reporting — characterised by delays, errors, restatements, or qualified audit opinions — carries direct commercial consequences including credit facility risk, investor confidence loss, and regulatory scrutiny
- The FRC has progressively tightened financial reporting standards for Nigerian public interest entities; non-compliance is no longer treated as a technical matter but as a governance failure
- Under CAMA 2020, directors bear personal responsibility for the accuracy and timeliness of financial statements filed with the CAC
- CIT self-assessment returns filed on the basis of unaudited or materially inaccurate accounts create tax exposure that compounds interest and penalties

### Common Financial Reporting Failures in Nigeria

Failure Category	Common Manifestation	Consequence
Late reporting	Financial statements delivered months after year-end	Qualified audit; CAC filing penalties; CIT late filing
IFRS non-compliance	Incorrect lease accounting (IFRS 16), revenue recognition errors (IFRS 15), inadequate disclosures	Audit qualification; FRC investigation; investor concerns
Cut-off errors	Revenue and expenses recorded in wrong period	Overstated/understated profits; tax exposure; restatement
Inadequate provisions	Bad debts not provided, legal claims not disclosed, inventory not written down	Overstated assets; qualified audit; management credibility
Deferred tax errors	Incorrect or absent deferred tax computation	Material misstatement; audit adjustment; NRS exposure
Governance lapses	Directors' report missing, no going concern assessment, no internal control disclosure	FRC enforcement; CAMA 2020 director liability; SEC risk
Related party omissions	IAS 24 disclosures absent or incomplete — transactions with directors, shareholders, and associates undisclosed	Audit qualification; regulatory investigation; legal liability to third parties
Tax reform misalignment	CIT computations referencing superseded legislation rather than the Nigeria Tax Act 2025 framework	NRS assessment risk; incorrect tax provision; audit query on tax note reconciliation

## Regulatory and Auditor Expectations

- The FRC requires public interest entities to produce financial statements in accordance with IFRS as adopted in Nigeria — with specific disclosure requirements that are regularly updated
- Auditors are required under ISA (Nigerian) standards to obtain sufficient appropriate audit evidence — the quality of your PBC file and documentation directly determines the duration and cost of the audit
- The NRS increasingly cross-references audited financial statements against CIT returns — discrepancies between the two trigger detailed inquiries
- CAMA 2020 requires AGMs to be held within 6 months of financial year-end for most companies — requiring financial statements to be complete, audited, and board-approved within that timeline
- Banks and lending institutions increasingly require audited financial statements as a condition of facility renewal — making on-time reporting a treasury function requirement

### MANAGEMENT INSIGHT | WHY THE CFO OWNS FINANCIAL REPORTING QUALITY

What it means for management: Financial reporting quality is a direct reflection of the finance function's capability, discipline, and governance standards. The CFO is the primary guardian of that quality.

Why it matters: A delayed or qualified set of financial statements affects every stakeholder relationship — banks, regulators, auditors, shareholders, and the board. Recovery takes years; prevention takes process.

Strategic implication: Financial reporting quality is not an accounting matter. It is a business risk matter requiring board-level governance, adequate resourcing, and a structured year-end process.

Recommended action: Implement the year-end closing roadmap in this toolkit. Brief the audit committee on the current state of financial reporting capability and identify the top three improvement priorities.

## SECTION 1 | FINANCIAL REPORTING LANDSCAPE IN NIGERIA

Nigerian financial reporting sits at the intersection of international standards, local corporate law, tax legislation, and sector-specific regulatory requirements. Understanding this landscape is the precondition for building a reporting process that is simultaneously compliant, efficient, and credible.

### Companies and Allied Matters Act (CAMA) 2020

- CAMA 2020 requires every company to keep proper books of account and prepare annual financial statements that give a true and fair view of the company's financial position and performance
- Financial statements must be laid before the Annual General Meeting (AGM), which must be held within 6 months of the financial year-end (Section 237 CAMA 2020)
- The directors' report, auditors' report, and financial statements must be filed with the CAC within 42 days of the AGM
- CAMA 2020 introduces specific provisions on going concern assessments and directors' confirmation of internal controls adequacy
- Directors are personally liable for financial statements that are materially false or misleading — including liability for any resulting loss to creditors or shareholders

### Financial Reporting Council (FRC) Requirements

- The FRC mandates the use of International Financial Reporting Standards (IFRS) for public interest entities — defined to include listed companies, significant public entities, and large private companies meeting specified thresholds
- Smaller entities may use the IFRS for SMEs standard as adopted by the FRC
- The FRC prescribes audit standards, ethical requirements, and quality review processes for statutory auditors of regulated entities
- FRC annual dues are payable by regulated entities; annual financial reporting submissions are required
- FRC enforcement actions against non-compliant entities include public censure, financial penalties, and audit disqualification

### IFRS Requirements for Nigerian Entities

For entities reporting under full IFRS, the following standards represent the core financial reporting framework relevant to most Nigerian businesses:

Standard	Title	Key Requirement
IAS 1	Presentation of Financial Statements	Structure, minimum line items, disclosure requirements, and going concern assessment
IAS 7	Statement of Cash Flows	Direct or indirect method; classification of operating, investing, financing activities
IAS 8	Accounting Policies, Estimates and Errors	Changes in accounting policies; correction of prior period errors; estimation uncertainty
IAS 10	Events After the Reporting Period	Adjusting vs. non-adjusting events; disclosure requirements
IAS 12	Income Taxes	Current tax and deferred tax; temporary differences; recognition of deferred tax assets
IAS 16	Property, Plant and Equipment	Cost model vs revaluation model; depreciation; impairment; derecognition

Standard	Title	Key Requirement
IAS 36	Impairment of Assets	Annual impairment testing for goodwill and indefinite-life intangibles; VIU and FVLCD
IFRS 9	Financial Instruments	Classification and measurement; ECL impairment model; hedge accounting
IFRS 15	Revenue from Contracts with Customers	5-step model; performance obligations; contract modifications; variable consideration
IFRS 16	Leases	Right-of-use assets and lease liabilities; short-term and low-value exemptions; discount rate

## Tax Reporting Requirements

- CIT self-assessment returns must be filed within 6 months of the company's financial year-end, based on the audited financial statements
- The NRS increasingly scrutinises reconciling items between the accounting profit and taxable profit — discrepancies without supporting documentation attract challenge
- Transfer pricing documentation (where applicable) must be prepared contemporaneously with the financial statements
- Deferred tax provisions in the financial statements are cross-referenced by tax auditors against the CIT return — inconsistencies create audit queries

## Public Interest Entity Obligations

- Public interest entities (PIEs) are subject to enhanced FRC reporting requirements, mandatory audit committee composition standards, and external audit rotation requirements
- PIEs must comply with the FRC's Nigerian Code on Corporate Governance as integrated with their financial reporting obligations
- Sector-specific regulators (CBN, NAICOM, SEC, PENCOS) overlay additional financial reporting requirements on entities within their jurisdictions

### OUTLIERS ADVISORY INSIGHT | IFRS ADVISORY — TECHNICAL ACCOUNTING SUPPORT

IFRS implementation in Nigeria continues to present technical challenges — particularly for IFRS 9 expected credit losses, IFRS 16 lease accounting, and IFRS 15 revenue recognition in complex multi-element arrangements.

Outliers Professionals Ltd provides technical IFRS advisory covering: accounting policy review, first-time adoption, standard-by-standard implementation reviews, and specialist accounting treatment for complex transactions.

Our technical team works alongside your finance team to resolve accounting judgements before the audit — reducing audit queries, protecting management time, and improving financial reporting quality.

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## SECTION 2 | YEAR-END CLOSING ROADMAP

A structured year-end closing roadmap transforms the annual close from a reactive scramble into a managed, predictable process. The timeline below has been designed for a 31 December year-end and should be adapted to your specific year-end date by back-calculating from your reporting deadline.

*Key principle: The year-end audit is won or lost in the months before year-end — not during the audit itself. Finance teams that present a complete, reconciled, well-documented PBC file on day one of the audit conclude their audits in a fraction of the time of those that do not.*

Phase	Key Actions
<b>T-90 DAYS</b>	Agree year-end audit timetable with auditors • Circulate closing memo to all finance team members • Complete preliminary trial balance review • Identify complex accounting estimates requiring early work (impairment, provisions) • Begin inter-company reconciliation process • Confirm fixed asset register is current; plan physical count
<b>T-60 DAYS</b>	Complete bank reconciliations for all accounts • Begin receivables ageing analysis and bad debt provisioning • Complete payroll year-end reconciliation (PAYE, pension) • Process year-end accruals and prepayments • Prepare preliminary tax computations (CIT estimate) • Reconcile all intercompany balances and eliminate on consolidation
<b>T-30 DAYS</b>	Submit first draft of financial statements to management for review • Complete deferred tax computation • Finalise all provisions and contingent liability disclosures • Complete going concern assessment • Prepare related party transaction disclosures • Complete IFRS 16 lease liability schedules
<b>YEAR-END DATE</b>	Ensure hard close of books — no further posting after cut-off date • Final trial balance extracted and agreed to financial statements • Subsequent events review completed (IAS 10) • Management representation letter draft reviewed • All supporting schedules prepared and indexed for audit PBC file
<b>AUDIT PHASE</b>	Deliver complete PBC file to auditors on agreed date • Finance team available to respond to audit queries within 24 hours • Track and resolve audit queries on agreed schedule • Board/audit committee briefed on audit progress and key issues • Obtain management representation letter sign-off • Respond to all audit adjustments with documented positions
<b>BOARD APPROVAL</b>	Audit committee reviews draft audited financial statements • External auditors present to audit committee • Board approves financial statements and directors' report • File audited accounts with CAC by statutory deadline • Publish and distribute to shareholders as required • File CIT return using audited accounts within 6 months of year-end

### MANAGEMENT INSIGHT | YEAR-END CLOSE — THE CFO'S ACCOUNTABILITY

**What it means for management:** The year-end close timetable is not an accounting exercise — it is a governance commitment. The CFO is accountable to the board and audit committee for delivering financial statements on the agreed schedule.

**Why it matters:** Delays in financial statements cascade into delays in CIT filing, CAC annual returns, AGM scheduling, and banking facility renewals — each carrying their own penalties and commercial risks.

**Strategic implication:** A well-managed close process signals to auditors, banks, and the board that the finance function is under control. A chaotic, delayed close signals the opposite.

**Recommended action:** Publish the year-end close timetable at T-90 days. Hold weekly close progress meetings from T-30. Brief the audit committee at T-60 on expected issues and resolution plans.

## Year-End Close Governance Framework

- Appoint a Year-End Close Manager (typically the Financial Controller or Head of Finance) with authority to enforce timetable compliance across all departments
- Issue a formal close memo to all departments at T-90: specifying cut-off dates, accrual submission deadlines, documentation requirements, and escalation procedures

- Schedule weekly close progress meetings from T-60: Finance team + HR (payroll) + Procurement (accruals) + IT (system access)
- Maintain a live close status tracker — visible to the CFO — showing completion status for each major close workstream
- Hold a formal Lessons Learned session within 30 days of completing the prior year close — embedding improvements into the following year's process

#### **OUTLIERS ADVISORY INSIGHT | AUDIT READINESS ASSESSMENT**

Is your finance team spending weeks responding to basic audit queries that should have been resolved before the audit began? This is the most common — and most costly — audit inefficiency.

Outliers Professionals Ltd's Audit Readiness Assessment reviews your PBC file, working papers, reconciliations, and accounting schedules 4–6 weeks before your audit commences — identifying gaps and resolving them before auditors arrive.

Organisations that undertake a structured pre-audit readiness review typically experience reduced audit delays, improved documentation quality, and fewer late-stage audit adjustments.

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## SECTION 3 | FINANCIAL CLOSE CHECKLIST

This comprehensive checklist should be used as a working document by the finance team throughout the close process. Each item should be assigned to a named owner with a target completion date and a sign-off status. The checklist is designed to be printed, shared in a compliance management system, or imported into your project management tool.

### Trial Balance & General Ledger

#	Item	Owner	Status
1	Extract and agree final trial balance to general ledger — ensure no unusual balances		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Review all suspense accounts and clear or properly classify all items		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Verify all manual journals have appropriate authorisation and supporting documentation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm all system-generated year-end journal entries (depreciation, accruals, revaluations) have processed correctly		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Reconcile subsidiary ledgers (debtors, creditors, fixed assets) to general ledger control accounts		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Ensure all inter-entity transactions are identified and flagged for elimination		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Confirm all foreign currency balances have been retranslated at closing rate (IAS 21)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Review journal entry audit trail for any unusual or round-number entries requiring explanation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

### Bank Reconciliations

#	Item	Owner	Status
1	Complete bank reconciliation for all bank accounts at year-end date — no outstanding items over 30 days without explanation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Obtain year-end bank confirmation letters from all banks (required for audit PBC)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Reconcile petty cash and imprest accounts; physically count cash at year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Identify and investigate any long-outstanding cheques or deposits in transit		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm all bank accounts are disclosed in the financial statements with correct balances		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Reconcile foreign currency bank accounts using closing exchange rate; record translation differences		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

### Intercompany Reconciliations

#	Item	Owner	Status
1	Identify all intercompany balances (receivable and payable)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
	across the group		Open
2	Circulate intercompany confirmation to all group entities and obtain sign-off		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Reconcile and resolve all intercompany differences before year-end close		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Prepare elimination schedule for consolidation — ensure all intercompany revenues, costs, and balances are eliminated		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm intercompany transfer pricing is documented and consistent with the group's TP policy		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Verify all intercompany loans have current loan agreements, market-rate interest, and correct accrued interest calculations		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Receivables Review

#	Item	Owner	Status
1	Prepare debtors ageing report at year-end — classify by 30/60/90/120+ days		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Review all debts over 90 days and assess recoverability with commercial team		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Compute and book expected credit loss (ECL) provision under IFRS 9 — document the methodology and assumptions		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm all debtors have been circularised (or reason for not circularising documented for auditors)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Review credit notes issued post year-end for year-end cut-off implications		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Confirm related party receivables are identified and disclosed — assess recoverability separately		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Reconcile debtors ledger to control account; investigate reconciling items		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Payables Review

#	Item	Owner	Status
1	Prepare creditors ageing report and reconcile to control account		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Complete supplier statement reconciliations for all material suppliers		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Review unmatched goods received notes (GRNs) — accrue for goods received but not yet invoiced		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Identify and accrue for all known liabilities at year-end where invoice not yet received		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Review and confirm all accrued charges (professional fees, utilities, maintenance) are complete and reasonable		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Ensure all year-end WHT liabilities on outstanding payables have been correctly provided		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
7	Review long-outstanding credit balances in payables — confirm validity or reclassify		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Inventory Review

#	Item	Owner	Status
1	Conduct physical inventory count at year-end or reconcile to a perpetual inventory count near year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Investigate and write off obsolete, slow-moving, or damaged inventory (IAS 2 — lower of cost and NRV)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Confirm inventory is valued using a consistent cost method (FIFO or weighted average) applied correctly		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Reconcile physical count to book inventory; document and investigate variances		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm all goods in transit at year-end are correctly included/excluded from inventory		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Obtain auditor physical count attendance confirmation and prepare count instructions		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Fixed Assets Review

#	Item	Owner	Status
1	Update fixed asset register for all additions, disposals, and write-offs in the year		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Confirm all capital expenditure during the year has been correctly classified (capital vs. revenue)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Review assets for indicators of impairment (IAS 36) — document assessment where indicators exist		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Reconcile fixed asset register to general ledger control account		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm depreciation has been charged correctly on all assets for the full year		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Review assets under construction — confirm they are still active and assess whether capitalisation is appropriate		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	For revalued assets: confirm revaluation has been performed with a qualified valuer where required		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Identify and account for IFRS 16 right-of-use assets — prepare lease liability schedule		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Payroll & Staffing

#	Item	Owner	Status
1	Reconcile annual payroll to total payroll costs in the financial statements		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
2	Confirm PAYE remittances for all 12 months reconcile to payroll deductions — obtain receipts		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Confirm pension contributions (18% combined) for all eligible employees reconcile to PFA statements		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Accrue for outstanding leave pay, bonuses, and 13th-month obligations at year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm NSITF and ITF contributions for the year have been paid		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Review any severance or redundancy costs — confirm correct treatment under IAS 19		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Ensure total headcount and compensation in the annual report is consistent with payroll records		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Tax Review

#	Item	Owner	Status
1	Prepare CIT computation reconciling accounting profit to taxable profit — identify and document all adjustments		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Compute capital allowances on all qualifying assets using NRS-prescribed rates		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Calculate deferred tax on all temporary differences — complete IAS 12 schedule		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm VAT balance (output less input) at year-end is correctly stated		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Review WHT deductions and credit notes receivable — confirm offset claims are valid		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Confirm PAYE liability at year-end for December payroll is correctly accrued		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Review CGT position for any asset disposals in the year — compute and provide for CGT		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Confirm no unrecorded tax assessments or ongoing NRS audit matters affecting the tax provision		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Accruals, Provisions & Contingencies

#	Item	Owner	Status
1	Review all accruals for completeness — ensure no known obligations have been omitted		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Confirm provisions meet IAS 37 recognition criteria — present obligation, probable outflow, reliable estimate		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Review all contingent liabilities with legal counsel — confirm adequacy of disclosure (IAS 37)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Accrue for all professional fees (audit, legal, advisory) at year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm insurance premium accruals or prepayments are		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
	correctly stated		
6	Review and confirm adequacy of warranty provisions where applicable		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Assess and provide for onerous contracts where costs of fulfilment exceed expected benefits		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Financial Statement Disclosures Checklist

#	Item	Owner	Status
1	Confirm minimum line items in Statement of Financial Position per IAS 1.54 — all required categories presented		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Confirm minimum line items in Statement of Profit or Loss per IAS 1.82 — revenue, finance costs, tax presented separately		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Confirm Statement of Changes in Equity is complete — comprehensive income, transactions with owners, reconciliation of each component		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm Cash Flow Statement uses correct method (direct or indirect) applied consistently — all cash flows classified (operating/investing/financing)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm all accounting policies are disclosed in the notes — particularly those involving judgement or estimation uncertainty		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Review disclosures on capital management (IAS 1) — confirm objectives, policies, and capital metrics disclosed		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Confirm earnings per share (EPS) disclosure for listed entities or entities choosing to disclose (IAS 33)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Confirm segment reporting disclosures for entities with multiple operating segments (IFRS 8)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
9	Confirm KMP compensation components are fully disclosed per IAS 24 — short-term, post-employment, other long-term, termination, share-based		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
10	Confirm all dividends declared and proposed are disclosed — including per-share amounts and record dates		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
11	Review subsequent events note — confirm disclosure covers the period from reporting date to approval date		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
12	Review commitments note — capital commitments, operating lease commitments (lessor), and other contractual commitments		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Subsequent Events (IAS 10)

#	Item	Owner	Status
1	Establish a subsequent events review window — from year-end date to financial statement approval date		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Identify all adjusting subsequent events — events providing evidence of conditions at year-end; adjust financial statements		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Identify all non-adjusting subsequent events — events arising		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
	after year-end; disclose in notes		
4	Review major litigation, claims, and regulatory notices received after year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm going concern assessment extends to 12 months from reporting date — document basis		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Obtain confirmation from board that they are not aware of material subsequent events not disclosed		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

**MANAGEMENT INSIGHT | THE AUDIT COMMITTEE'S YEAR-END CHECKLIST**

**What it means for management:** The audit committee has a specific oversight responsibility over the financial close and audit process — not merely to receive the final financial statements.

**Why it matters:** An engaged audit committee that challenges management's judgements on provisions, going concern, and key estimates produces better quality financial statements and more credible audit outcomes.

**Strategic implication:** The audit committee should receive a mid-year financial update, a T-30 close status report, and be briefed by the external auditor independently before approving financial statements.

**Recommended action:** Adopt the audit committee reporting template in Section 7. Ensure the audit committee chair has a pre-audit meeting with the audit engagement partner — without executive management present.

## SECTION 4 | IFRS TECHNICAL REVIEW CHECKLIST

The IFRS technical review is a standard-by-standard assessment of whether the organisation's financial statements comply with each applicable standard. This checklist is designed to be used by the Finance Director or Financial Controller as a pre-audit quality assurance exercise. Common errors and auditor focus areas are identified for each standard to enable proactive resolution.

Std	Topic	What to Review	Common Errors	Audit Focus
IAS 1	Presentation	Confirm complete set of statements; review classification of current vs. non-current; check all required disclosures; verify going concern basis; confirm comparative figures	Misclassification of long-term debt as non-current where covenants breached; inadequate going concern disclosure; missing accounting policy notes	Going concern basis; covenant compliance; completeness of accounting policies; proper disclosure of judgements and estimates
IAS 8	Policies & Estimates	Review accounting policies for changes; identify prior period errors; assess estimation uncertainty disclosures; confirm consistency with prior year	Undisclosed changes in accounting policies; prior period errors not properly restated; inadequate estimation uncertainty disclosure	Prior period adjustments; policy changes; consistency of key estimates year-on-year
IAS 10	Subsequent Events	Identify all events between year-end and approval date; classify as adjusting or non-adjusting; confirm all material post-year-end events disclosed	Non-adjusting events treated as adjusting (or vice versa); material events after year-end not disclosed; going concern events not considered	Events between year-end and approval date; impairments identified post year-end; material transactions after year-end
IAS 12	Income Taxes	Reconcile tax expense to expected tax; prepare full deferred tax schedule; review recognition of DTA; confirm effective tax rate; check CIT computation	Deferred tax completely omitted; incorrect tax rates applied; unrecognised temporary differences; DTA not justified; errors in capital allowance claims	Deferred tax completeness; DTA recoverability evidence; reconciliation of tax expense to accounting profit; effective tax rate
IAS 16	PP&E	Review additions and disposals for correct classification; confirm depreciation methodology; check impairment indicators; verify useful life reassessment; confirm revaluations if applicable	Capitalising revenue expenditure (or vice versa); incorrect useful life leading to over/under depreciation; failure to derecognise disposed assets; no impairment assessment	Distinction between capital and revenue; useful life review; impairment indicators; physical verification of major assets
IAS 21	Foreign Currency	Confirm functional currency determination; retranslate all FCY balances at closing rate; confirm P&L transactions at transaction date rate or average; check OCI treatment for group reporting	Wrong closing rate applied; P&L items not retranslated; functional currency not formally assessed; OCI recycling errors on disposal	Closing rate applied to monetary items; correct rate for P&L; disclosure of exchange differences; functional currency assessment
IAS 36	Impairment	Identify impairment indicators; perform VIU/FVLCD for assets with indicators; perform annual test for goodwill; prepare CGU analysis	Impairment indicators ignored; CGU not properly identified; discount rates unsupported; growth assumptions unreasonable	Impairment indicators assessment; discount rate support; CGU cash flow projections; goodwill annual test documentation
IFRS	Financial	Review disclosures on	Inadequate risk	Credit risk concentration;

Std	Topic	What to Review	Common Errors	Audit Focus
7	Instruments Disclosure	credit risk, liquidity risk, and market risk; confirm fair value hierarchy disclosures; check sensitivity analysis	disclosures; fair value hierarchy incorrectly applied; no sensitivity analysis on material exposures	liquidity maturity analysis; fair value disclosures; market risk sensitivity
IFRS 9	Financial Instruments	Review classification of financial assets; prepare ECL calculation with methodology documentation; review hedge accounting if applicable	Incorrect ECL methodology (using incurred loss); inadequate staging of credit impairment; improper classification of equity investments	ECL model methodology and assumptions; staging of receivables; significant increase in credit risk indicators; SPPI test for debt instruments
IFRS 15	Revenue	Map contracts to the 5-step model; identify distinct performance obligations; determine transaction price and allocation; confirm revenue recognition timing; check contract balances	Revenue recognised on despatch not delivery; variable consideration not constrained; contract modifications treated incorrectly; bundled contracts not disaggregated	Revenue recognition timing vs. contract terms; contract liability/asset balances; performance obligations; variable consideration
IFRS 16	Leases	Identify all lease contracts; prepare ROU asset and lease liability schedules; apply incremental borrowing rate; confirm short-term/low-value exemptions; check disclosure requirements	Leases completely off-balance sheet; incorrect discount rate (using coupon rate); practical expedients not properly applied; operating lease disclosures incomplete	Completeness of lease population; discount rate support; ROU asset and liability calculations; short-term/low-value exemption justification
IAS 24	Related Party Disclosures	Identify all related parties: subsidiaries, associates, JVs, key management personnel and their close family members; disclose all transactions and balances; confirm completeness; verify KMP compensation disclosure	Related party transactions omitted or incompletely disclosed; KMP compensation schedule not included; related party loans undisclosed; transactions not at arm's length undisclosed	Completeness of related party list; transactions not disclosed; outstanding balances with related parties; KMP compensation components
IAS 37	Provisions & Contingencies	Confirm all provisions meet recognition criteria (present obligation, probable outflow, reliable estimate); assess all contingent liabilities with legal counsel; review onerous contracts; confirm warranty provisions are adequate	Provisions recognised without meeting all three IAS 37 criteria; legal claims not disclosed as contingent liabilities; onerous contracts not identified; provisions that should be contingent liabilities instead	Legal case status and litigation provisions; contract review for onerous positions; warranty claim history vs provision; completeness of contingent liability disclosures
IAS 38	Intangible Assets	Review all capitalised intangibles: confirm recognition criteria met; verify amortisation method and useful life; assess indefinite-life intangibles for impairment annually; confirm software development costs correctly classified	Internally generated brand value or goodwill capitalised (prohibited); indefinite-life intangibles not tested for impairment annually; development costs capitalised before technical feasibility demonstrated; research costs not expensed	Recognition criteria evidence for capitalised development costs; impairment of indefinite-life intangibles; amortisation period justification; ERP and software capitalisation policy
IFRS 13	Fair Value Measurement	Confirm fair value hierarchy classification (Level 1, 2, 3) for all	Incorrect classification in fair value hierarchy; use of entity-specific inputs when	Level 3 fair value movements and reconciliation; valuation

Std	Topic	What to Review	Common Errors	Audit Focus
		assets/liabilities measured at fair value; review valuation techniques; confirm disclosure requirements; verify valuation inputs are observable where available	market inputs available; inadequate disclosure of Level 3 fair value movements and sensitivity; recurring vs non-recurring not distinguished	technique changes; sensitivity analysis for unobservable inputs; independence of valuations

**MANAGEMENT INSIGHT | IFRS 16 — THE MOST COMMONLY MISSTATED STANDARD IN NIGERIA**

What it means for management: IFRS 16 requires virtually all leases — office space, warehouses, vehicles, equipment — to be capitalised as right-of-use assets with corresponding lease liabilities on the balance sheet.

Why it matters: A company with NGN 100 million in annual lease payments that is not applying IFRS 16 has a material error in its financial statements — understating both assets and liabilities by hundreds of millions.

Strategic implication: IFRS 16 errors are increasingly identified in FRC reviews and NRS audits. They affect gearing ratios, EBITDA, debt covenants, and tax computations simultaneously.

Recommended action: Commission a lease register review. Identify all leases across the business, apply the correct discount rate, and prepare ROU asset and lease liability schedules before year-end.

**OUTLIERS ADVISORY INSIGHT | TECHNICAL ACCOUNTING — COMPLEX TRANSACTIONS**

Complex accounting transactions — business combinations, financial instruments, restructurings, impairment models — require specialist technical accounting support that most Nigerian in-house finance teams are not resourced to provide.

Outliers Professionals Ltd provides on-demand technical accounting advisory: reviewing accounting treatments, preparing technical papers to support audit files, and assisting with first-time adoption of new or amended standards.

Our technical advisory service operates as an extension of your finance team — available on a project or retainer basis.

Contact: [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)

## SECTION 5 | AUDIT READINESS TOOLKIT

Audit readiness is the state of preparedness that allows an external audit to commence and conclude smoothly, efficiently, and without avoidable disruption to finance team operations. The single greatest driver of audit cost overruns and timeline delays is an incomplete or poorly organised PBC (Prepared by Client) file.

### Prepared by Client (PBC) — Standard Document List

The following represents a comprehensive PBC list that auditors typically request at the commencement of a statutory audit. Organise your PBC file with folder numbers matching these categories:

#	Category	Documents Required	Lead Preparer
01	Financial Statements	Draft financial statements (P&L, Balance Sheet, Cash Flow, SOCE, Notes) — all comparative figures included	Financial Controller
02	Trial Balance	Final trial balance at year-end; comparative prior year; chart of accounts	Head of Finance
03	Bank Reconciliations	Year-end bank reconciliation for every account; bank confirmation letters from all banks	Treasury / Finance
04	Fixed Asset Register	Complete FAR with additions, disposals, depreciation, NBV by asset class; asset schedule reconciled to TB	Finance / Accounts
05	Accounts Receivable	Aged debtors listing; ECL workings; bad debt write-off approvals; confirmation letters sent	Finance / Credit Control
06	Accounts Payable	Aged creditors listing; supplier statement reconciliations for top 20 suppliers; accruals schedule	Finance / Accounts
07	Inventory	Year-end inventory count sheets; count observation instructions; count variance report; NRV assessment	Finance / Warehouse
08	Payroll	Annual payroll summary; PAYE remittance receipts (12 months); pension PFA statements (12 months); headcount reconciliation	HR / Payroll
09	Tax Computations	Draft CIT computation; deferred tax schedule; WHT receivable schedule; VAT reconciliation	Tax Team / Finance
10	Intercompany	Intercompany confirmation matrix; elimination schedule; transfer pricing documentation	Finance / Group
11	Legal & Compliance	Legal confirmation letters; list of outstanding litigation; regulatory notice register; insurance schedule	Legal / Compliance
12	Leases (IFRS 16)	Lease register; ROU asset and lease liability schedules; discount rate support; exemption analysis	Finance / Property
13	Subsequent Events	Management's subsequent events review memo; post year-end transactions above threshold	CFO / Finance
14	Board Resolutions	Board resolutions for major transactions in the year; minutes of board meetings; dividend declarations	Company Secretary
15	Statutory Registers	Register of members; register of directors; charges register — all current	Company Secretary
16	Related Party Schedule	Complete related party transaction schedule: all entities, key management, family members; amounts; balances; basis of pricing — required for IAS 24 audit evidence	CFO / Finance
17	Revenue Working Papers	IFRS 15 analysis: contract list; performance obligations identified; transaction price allocation; recognition timing evidence; contract asset/liability reconciliation	Finance / Commercial

#	Category	Documents Required	Lead Preparer
18	<b>Going Concern Assessment</b>	Board-approved going concern memo covering 12 months from reporting date; cash flow projections; sensitivity analysis; covenant headroom analysis	CFO / Treasurer
19	<b>Fair Value Workings</b>	Valuation reports for all Level 3 fair value assets; fair value hierarchy classification schedule; methodologies and key inputs documented	Finance / External Valuers
20	<b>Insurance Schedule</b>	Full schedule of insurance policies: type, insurer, coverage amount, premium, renewal date; confirm adequacy of coverage for material assets	Finance / Admin

## What Top-Tier Auditors Expect — The Unwritten Standards

Beyond the standard PBC list, experienced external audit teams apply additional quality expectations that separate organisations with strong financial reporting cultures from those merely going through the motions. CFOs who understand these unwritten expectations gain a material advantage in audit efficiency and credibility.

Audit Expectation	What It Means in Practice
<b>Technical Accounting Memos</b>	For every significant accounting judgement — going concern, ECL methodology, impairment assessment, IFRS 16 discount rate — a written technical memo prepared by management and reviewed before audit commencement. This is not a nice-to-have; it is the expected standard for material estimates.
<b>Consistent Lead Schedule Format</b>	All PBC schedules formatted consistently: footed, cross-referenced, with tick marks linking to source documents. A PBC file that is internally inconsistent or unnavigable signals poor financial control.
<b>Prior Year Open Items Resolved</b>	Every management letter point from the prior year audit should be resolved, with evidence — not merely acknowledged. Auditors track open items across years; unresolved issues signal a control culture that tolerates weakness.
<b>Proactive Communication</b>	Finance leadership should be available to the audit team from day one — not delegating all audit contact to junior staff. Auditors form impressions of management credibility from the quality and tone of their interactions.
<b>Zero Surprise Policy</b>	If management becomes aware of an issue during the audit — a prior year error, a new contingency, a previously unknown liability — proactively disclose it to the audit team immediately. Auditors who discover material issues independently lose confidence in management and extend their testing significantly.
<b>Audit Committee Independence</b>	Auditors actively assess whether the audit committee is independent and engaged. An audit committee that appears to merely rubber-stamp management's positions is a governance red flag that elevates audit risk assessment.

## Audit Preparation Timeline

#	Item	Owner	Status
1	T-90: Agree audit engagement timetable with audit partner; confirm audit team composition; issue year-end memo		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	T-60: Begin assembling PBC file; complete bank reconciliations; prepare draft ECL workings		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	T-45: Complete fixed asset register reconciliation; complete payroll reconciliation; prepare draft tax computations		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	T-30: Deliver complete first draft of financial statements to		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
	audit team; schedule pre-audit walkthrough meeting		Open
5	T-14: Hold pre-audit walkthrough with audit manager — present status of all PBC items; flag outstanding items		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	T-7: Deliver complete PBC file to auditors — all items indexed, named consistently, and accessible		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Day 1 of Audit: Finance Director available to auditors; all PBC queries to be acknowledged within 4 hours		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Ongoing: Track all audit queries in Audit Request Tracker (Template in Section 10); resolve within agreed SLA		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
9	Final Stage: Prepare and review management representation letter; schedule audit committee presentation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

**OUTLIERS ADVISORY INSIGHT | AUDIT READINESS — THE OUTLIERS APPROACH**

Our Audit Readiness service is structured as a pre-audit quality assurance exercise conducted 4–6 weeks before your external auditors arrive. We review your draft financial statements against IFRS requirements, your PBC file against the standard 20-item list, and your key accounting judgements against the expected audit challenge points.

A well-prepared organisation reduces its audit duration, achieves a cleaner management letter, and preserves its finance team's capacity for the business during the audit period. A disorganised PBC file, by contrast, signals control weakness and extends audit testing across the board.

Our Audit Readiness Assessment produces a written report — actionable within your remaining preparation window — that management can share with the audit committee as evidence of proactive financial reporting governance.

Contact us early in Q4 for your pre-audit assessment: [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)

## SECTION 6 | TAX REVIEW CHECKLIST

The year-end tax review is the bridge between the financial statements and the NRS tax return. Getting this right requires: accurate accounting records, a complete understanding of the deductibility rules under the applicable tax legislation, correct capital allowance computations, and a fully reconciled deferred tax position. Tax errors discovered during the audit are among the most costly to resolve — frequently resulting in audit adjustments, prior period restatements, and NRS assessment risk.

**2025–2026 TAX REFORM UPDATE | IMPORTANT FOR CFOs AND TAX MANAGERS**

Nigeria enacted a comprehensive tax reform package effective from 2025–2026, comprising four principal Acts: the Nigeria Tax Act 2025, Nigeria Tax Administration Act 2025, Nigeria Revenue Service Act 2025, and Joint Revenue Board Act 2025. These Acts consolidate, modernise, and in many areas reform the existing tax framework.

Key implications for the year-end financial close: (1) The Nigeria Tax Act 2025 is the primary statute governing CIT, VAT, and personal income tax from 2026 — references in tax computations should align with this Act rather than the predecessor legislation. (2) Administration procedures are governed by the Nigeria Tax Administration Act 2025 — including assessment timelines, objection rights, and audit procedures. (3) The Nigeria Revenue Service (NRS) is formally constituted under the NRS Act 2025 as the federal tax authority. (4) CFOs should ensure their tax advisors are fully updated on the reform framework before filing year-end returns.

*Note: Specific provisions of the 2025 tax reform legislation should be verified with a qualified tax advisor before reliance. This publication provides a general framework — not specific legal tax advice.*

### Corporate Income Tax (CIT)

#	Item	Owner	Status
1	Confirm the final accounting profit figure and obtain sign-off from the CFO before beginning tax computation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Identify and add back all disallowable expenses: entertainment (above prescribed limit), donations (not to approved charities), fines and penalties, provisions not yet crystallised		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Compute qualifying capital expenditure additions during the year and apply NRS-prescribed initial and annual allowance rates		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Identify all tax losses brought forward and confirm utilisation rules — confirm carry-forward period not exceeded		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Reconcile CIT computation output to the income tax provision in the financial statements		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Confirm the effective tax rate is reasonable — document any significant variation from the standard 30% CIT rate		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Review for minimum tax obligations where the company reports a loss or low profit		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Check for available tax incentives: pioneer status, export expansion grant, research and development credits		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

**MANAGEMENT INSIGHT | CIT COMPUTATION — WHERE MOST TAX ERRORS ORIGINATE**

What it means for management: The CIT computation transforms the accounting profit into taxable profit. Each adjustment — add-back, deduction, capital allowance — must be supported by documentation. Unsupported adjustments are the primary target of NRS auditors.

Why it matters: NRS assessments based on disallowed deductions can significantly exceed the original tax provision. Interest and penalties compound the exposure over the assessment period.

Strategic implication: The tax computation should be prepared and reviewed in parallel with the financial

statements — not as an afterthought in June when the CIT filing deadline approaches.

Recommended action: Engage a tax advisor to review the CIT computation before it is filed. A tax health check of the computation is one of the highest-return advisory investments available.

## Value Added Tax (VAT)

#	Item	Owner	Status
1	Prepare a year-end VAT reconciliation: aggregate all 12 monthly VAT returns and reconcile to VAT account in the GL		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Review input VAT claims for the year — confirm all claims are supported by valid tax invoices and relate to taxable supplies		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Identify any input VAT claimed on exempt supplies — reverse any incorrectly claimed input VAT		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm the VAT balance in the balance sheet correctly reflects the December VAT liability/credit		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Review for VAT on imported services — confirm reverse-charge VAT has been correctly applied where applicable		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Identify any large or unusual VAT refund positions and assess recoverability		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Confirm no VAT obligations arise on year-end disposals of capital assets		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Withholding Tax (WHT)

#	Item	Owner	Status
1	Reconcile WHT deducted from vendor payments for the year to WHT remittances on TaxProMax		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Confirm all WHT credit notes have been issued to relevant vendors for the year		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Prepare year-end schedule of WHT receivable — confirm recoverability against expected tax liability		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Review for WHT on contract payments, rentals, consultancy, and professional fees — confirm correct rates applied		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm WHT deducted on dividends declared has been correctly remitted		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Review WHT credit note receivable balance — identify any aged credits requiring write-off or refund claim		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## PAYE — Year-End

#	Item	Owner	Status
1	Prepare full-year PAYE reconciliation: aggregate monthly remittances vs. total PAYE per payroll		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Confirm all 12 months PAYE receipts from State IRS are obtained and filed		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
3	Review PAYE on year-end bonuses, gratuities, and 13th-month payments — confirm correctly computed		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Confirm all expatriate employees have been correctly assessed under PITA / relevant double tax treaty		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Prepare employer PAYE annual declaration where required by the relevant State IRS		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Identify any PAYE arrears or assessments received and accrue for any outstanding amounts		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Capital Gains Tax (CGT)

#	Item	Owner	Status
1	Identify all disposals of chargeable assets during the year: shares, property, plant, equipment above threshold		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Compute gain on each disposal: proceeds less allowable deductions (original cost plus qualifying enhancement expenditure)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Apply CGT rate of 10%; confirm whether any exemptions or rollover relief apply		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Accrue for CGT in the year-end financial statements and confirm payment plan		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Disclose CGT liability in the tax note — ensure consistency with NRS filing		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

## Deferred Tax (IAS 12)

#	Item	Owner	Status
1	Identify all temporary differences between accounting carrying value and tax base for each asset and liability		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Complete full deferred tax schedule: opening balance, current year movement, closing balance		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Confirm deferred tax assets are recognised only where recovery is probable — prepare supporting evidence		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Apply the appropriate tax rate to temporary differences — use the enacted rate as at year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Confirm deferred tax is not recognised on initial recognition exceptions (IAS 12.15 and .24)		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Reconcile deferred tax movement in the balance sheet to the deferred tax charge/credit in the P&L		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Disclose the composition of deferred tax in the notes — by major category of temporary difference		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

### OUTLIERS ADVISORY INSIGHT | TAX HEALTH CHECK — PREPARING FOR THE AUDIT

The tax note is consistently one of the most queried areas in a Nigerian statutory audit. CIT computation errors, deferred tax omissions, and unreconciled WHT balances are the three most common tax-related

audit adjustments.

Outliers Professionals Ltd conducts pre-audit tax health checks: reviewing the CIT computation, deferred tax schedule, VAT reconciliation, and WHT position — identifying and resolving issues before they become audit findings.

Our tax health checks also identify potential over-payments, tax credits, and incentives that many Nigerian organisations are not claiming.

Contact: [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)

BUSINESS IMPACT ANALYSIS	
<b>Financial Impact</b>	Unresolved tax errors at year-end typically result in audit adjustments that increase the income tax charge — reducing reported profit and triggering NRS assessment risk for multiple prior years.
<b>Regulatory Impact</b>	NRS cross-referencing of audited accounts against CIT returns means errors in the financial statements create a direct regulatory audit trigger — with potential assessments, penalties, and interest charges.
<b>Operational Impact</b>	Tax errors discovered during audit require urgent management time and finance team resources at the most operationally constrained period of the year — the audit phase.
<b>Reputational Impact</b>	A qualified audit opinion on tax accounting, or a significant tax adjustment in the annual report, is visible to banks, investors, and regulators — damaging the organisation's financial credibility.
<b>Audit Impact</b>	Unresolved tax positions affect Tax Clearance Certificate eligibility — directly impacting government contract procurement capability.

## SECTION 7 | BOARD & AUDIT COMMITTEE REPORTING

The board of directors and audit committee have governance responsibilities over the financial reporting process that go beyond simply approving the final financial statements. This section outlines the reporting framework, oversight responsibilities, and governance standards expected of boards and audit committees in Nigerian organisations.

### Board Reporting Expectations

- The board must receive and challenge the financial statements before approval — not merely receive them as an information item at the AGM
- Directors should receive the draft financial statements, the auditors' report, and the audit committee's recommendation at least 14 days before the board approval meeting
- The board should receive a written explanation of: the basis of key accounting judgements, significant changes in accounting estimates, any audit adjustments made, and any material subsequent events
- For companies with significant borrowings, the board should receive a compliance certificate confirming all financial covenant tests have been met or confirming covenant waivers obtained
- Under CAMA 2020, the directors' report must include a statement on internal controls adequacy and the going concern basis of preparation

### Audit Committee Oversight Responsibilities

- Review and challenge the significant accounting judgements made by management — particularly provisions, going concern, and revenue recognition estimates
- Review the external auditor's report and management letter — ensure all material findings have been addressed with a documented management response
- Meet privately with the external auditors (without executive management) at least annually — provide an independent channel for auditors to raise concerns
- Oversee the appointment, reappointment, and remuneration of external auditors — ensuring independence is maintained
- Review the internal audit plan and assess whether internal audit is adequately resourced and independent
- Monitor management's implementation of prior year audit recommendations — escalate non-implementation to the full board
- Approve related party transactions where required under the company's governance framework

### Financial Reporting Governance Framework

Governance Layer	Responsibility	Timing
Full Board	Approve financial statements and directors' report; confirm going concern basis; authorise filing with CAC	Within 6 months of year-end (CAMA 2020)
Audit Committee	Review draft accounts; review audit findings; recommend for board approval; confirm internal controls adequacy	2–4 weeks before full board meeting
CFO / Finance Director	Deliver complete audited financial statements to audit committee; present key accounting judgements; provide management letter responses	Before audit committee meeting
External Auditors	Present audit report; communicate key audit matters; management letter;	At audit committee meeting (present independently if needed)

Governance Layer	Responsibility	Timing
	independence declaration	
Internal Audit	Report on internal control effectiveness; present findings on financial reporting controls; follow up on prior recommendations	Concurrent with external audit; report to audit committee

## Internal Control Certification

Under CAMA 2020 and international best practice, the board should obtain written confirmation from management on the effectiveness of internal controls over financial reporting. A standard CEO/CFO certification framework includes:

- The signatories have reviewed the financial statements and, to the best of their knowledge, they do not contain any materially false or misleading statements
- The financial statements fairly present in all material respects the financial condition, results of operations, and cash flows of the company
- The signatories are responsible for establishing and maintaining adequate internal controls over financial reporting
- The signatories have disclosed to the auditors and audit committee all known material weaknesses in internal controls
- The signatories are not aware of any fraud, whether or not material, involving management or other employees with a significant role in internal controls

### MANAGEMENT INSIGHT | BOARD GOVERNANCE OF FINANCIAL REPORTING

What it means for management: Boards that simply 'rubber stamp' financial statements presented by management are exposed to the full force of CAMA 2020's director liability provisions if those statements are subsequently found to be materially misstated.

Why it matters: Director liability under CAMA 2020 includes personal liability for losses suffered by third parties who relied on materially false financial statements — including banks, investors, and trade creditors.

Strategic implication: Boards need a structured financial reporting governance framework — not just a board meeting to approve accounts. The quality of the audit committee's oversight is the board's primary protection.

Recommended action: Implement the Board Financial Reporting Governance Framework in this section. Ensure the audit committee has adequate financial expertise and meets separately with external auditors.

## Board Oversight Questions — Financial Reporting

The following questions represent the standard of challenge that a well-informed board should apply when reviewing and approving financial statements. CFOs should be prepared to answer all of them — and where they cannot, that gap itself identifies a financial reporting weakness:

#	Board Oversight Question
1	What are the three most significant accounting judgements in this year's financial statements, and what would be the financial impact if each assumption changed materially?
2	Has the going concern assessment been prepared on a 12-month forward basis, and what are the principal risks to the organisation's ability to continue as a going concern?
3	What material changes have been made to accounting policies in the current year, and what is the cumulative impact of those changes on reported results?

#	Board Oversight Question
4	Are there any contingent liabilities that could crystallise as material obligations, and has the organisation received legal advice on each?
5	How does the effective income tax rate in the financial statements compare to the statutory rate, and what explains the principal reconciling items?
6	Have all related party transactions been identified, reviewed for commercial appropriateness, and fully disclosed in the financial statements?
7	Is the organisation in compliance with all financial covenants in its banking facilities, and are there any situations where waiver or renegotiation has been required?
8	Has the external auditor identified any material weaknesses in internal controls, and what is management's plan to address them?
9	Are the financial statements consistent with the management accounts, board reports, and publicly available information presented during the year?
10	What is the organisation's position on any outstanding NRS or State IRS assessments, and has the appropriate provision been made?

### OUTLIERS ADVISORY INSIGHT | CFO ADVISORY SERVICES

The demands on Nigerian CFOs have expanded dramatically — IFRS technical standards, regulatory reporting obligations, board governance responsibilities, tax compliance, and digital transformation are all now CFO-domain responsibilities.

Outliers Professionals Ltd provides CFO Advisory services that operate as a senior finance resource — supporting CFOs on: financial reporting quality, year-end close management, audit committee preparation, regulatory reporting, and technical accounting matters.

Our CFO Advisory service is structured as a retained advisory relationship — available when you need it, without the cost of a full-time resource.

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## SECTION 7A | EMERGING CFO REPORTING PRIORITIES

The CFO's financial reporting mandate is expanding beyond traditional financial statements. Investors, regulators, lenders, and stakeholders are increasingly demanding information on sustainability performance, climate-related financial risk, and ESG governance alongside conventional financial results. While these frameworks are at varying stages of adoption in Nigeria, forward-looking CFOs are already preparing — because organisations that wait for mandatory requirements risk being underprepared when they arrive.

### IFRS S1 — General Sustainability-related Financial Disclosures

IFRS S1, issued by the International Sustainability Standards Board (ISSB), establishes a framework for sustainability-related financial information. Its core principle: disclose material sustainability-related risks and opportunities that could reasonably be expected to affect cash flows, access to finance, or cost of capital over the short, medium, and long term. For Nigerian entities in globally integrated sectors — financial services, oil and gas, manufacturing, technology — IFRS S1 disclosures are increasingly requested by international investors and lenders even where not yet locally mandated.

- **Governance:** Describe the board's oversight of sustainability-related risks and opportunities
- **Strategy:** Disclose how sustainability risks and opportunities affect the organisation's business model and financial planning
- **Risk Management:** Explain how sustainability risks are identified, assessed, and managed
- **Metrics and Targets:** Disclose relevant sustainability performance metrics and any targets established

### IFRS S2 — Climate-related Financial Disclosures

IFRS S2 provides specific requirements for climate-related financial disclosures, building on the TCFD framework. It requires disclosure of both physical risks (impacts of climate change on physical assets and operations) and transition risks (risks arising from the shift to a lower-carbon economy).

- **Physical Risk:** Flooding of facilities, supply chain disruption, increased cooling costs, water stress — particularly relevant for Nigerian organisations with physical infrastructure
- **Transition Risk:** Carbon pricing, changing customer preferences, stranded assets, regulatory constraints on carbon-intensive activities
- **Scope 1 and 2 Emissions:** Reporting on direct and indirect greenhouse gas emissions is expected under IFRS S2
- **Scenario Analysis:** IFRS S2 encourages climate resilience assessment under different climate scenarios

*CFO Note: Even where IFRS S2 is not mandated today, international banks and DFI lenders increasingly require climate risk disclosures as part of facility documentation. The CFO who can provide structured climate risk information will have a material advantage in international capital markets.*

### ESG Reporting — Investor and Stakeholder Expectations

Environmental, Social, and Governance (ESG) reporting has moved from a voluntary differentiator to an expected practice for organisations seeking international capital, institutional investment, or DFI partnerships. In Nigeria, the Securities and Exchange Commission (SEC) has been progressively building its ESG reporting framework, and the Nigerian Exchange (NGX) has introduced ESG disclosure requirements for listed companies.

- **Environmental:** Carbon emissions, energy use, waste management, water consumption
- **Social:** Employee welfare, supply chain practices, community impact, health and safety, diversity
- **Governance:** Board composition, anti-corruption policies, executive remuneration transparency, tax transparency

For unlisted companies, ESG disclosures are increasingly relevant for bank credit applications, government procurement eligibility, international joint ventures, and talent attraction.

## Climate Risk and the Financial Statements

Climate risk has direct implications for financial statements under existing IFRS standards — this is not a future obligation but a current reporting consideration:

IFRS Standard	Climate Risk Intersection	CFO Action Required
IAS 36 — Impairment	Climate transition risk may reduce recoverable amount of carbon-intensive or physically exposed assets	Assess whether climate obsolescence or physical damage is an impairment indicator; document in year-end review
IAS 37 — Provisions	Carbon obligations and remediation liabilities may require provision where present obligation exists	Assess and provide for climate-related regulatory liabilities where probable outflow exists
IAS 16 — PP&E	Useful life of carbon-intensive assets may need downward revision as transition policies accelerate	Review useful life of assets exposed to transition risk; adjust depreciation if required
IAS 1 — Going Concern	Material climate risks affecting long-term viability should be considered in going concern assessment	Include climate risk in going concern scenario analysis where material; disclose in accounting policies

## Sustainability Governance — Board Oversight

- Establish a sustainability reporting working group within the finance function — with links to operations, legal, and strategy
- Map existing reporting frameworks (GRI, TCFD, SASB) against stakeholder requirements and select appropriate standards
- Integrate sustainability metrics into management reporting — making ESG data as routinely available as financial data
- Build data collection infrastructure for sustainability reporting — emissions tracking, energy monitoring, supplier data
- Brief the board and audit committee on emerging sustainability reporting requirements and organisational preparedness

### MANAGEMENT INSIGHT | WHY SUSTAINABILITY REPORTING IS BECOMING A CFO RESPONSIBILITY

What it means for management: IFRS S1 and S2 have been issued by the ISSB and are being progressively adopted globally. Nigerian organisations with international investors, DFI lenders, or cross-border operations will face demands for structured sustainability disclosures within the next 1-3 years.

Why it matters: Climate-related risks are explicitly relevant under IAS 36 (impairment), IAS 37 (provisions), and IAS 1 (going concern). Ignoring climate risk in financial reporting is not just a sustainability issue — it is an IFRS compliance matter.

Strategic implication: CFOs who build sustainability reporting capability proactively will have access to a wider range of capital, stronger stakeholder relationships, and a governance reputation that withstands regulatory scrutiny.

Recommended action: Commission a sustainability reporting readiness assessment. Identify material ESG risks. Build baseline data collection processes now — before mandatory requirements crystallise.

### OUTLIERS ADVISORY INSIGHT | ESG AND SUSTAINABILITY REPORTING ADVISORY

Outliers Professionals Ltd supports organisations in preparing for the emerging sustainability reporting landscape — including IFRS S1/S2 readiness assessments, ESG materiality analysis, TCFD alignment,

and climate risk integration into financial statements.

Our approach is practical and CFO-focused: we translate complex sustainability standards into actionable finance function steps without requiring specialist sustainability expertise in-house.

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## SECTION 8 | FINANCIAL REPORTING MATURITY MODEL

The Financial Reporting Maturity Model provides a structured framework for assessing the current state of financial reporting capability within an organisation and charting a clear development path. Use this model to benchmark your organisation and identify the highest-priority improvement actions.

*Assessment guidance: Read the characteristics at each level and identify which most accurately describes your current state. Most Nigerian organisations sit at Level 2 or Level 3. The objective is to reach Level 4 within 12 months and sustain Level 5 best practice.*

LEVEL 1 — REACTIVE		
<b>Characteristics</b> <ul style="list-style-type: none"> <li>No formal close timetable</li> <li>Financial statements prepared under time pressure after year-end</li> <li>No pre-audit preparation</li> <li>Significant audit queries; delayed resolution</li> <li>IFRS compliance inconsistent</li> <li>Prior year errors recurring</li> </ul>	<b>Risks &amp; Gaps</b> <ul style="list-style-type: none"> <li>High audit cost overruns and delays</li> <li>Qualified audit opinion risk</li> <li>CIT filing late penalties</li> <li>Director liability exposure under CAMA 2020</li> <li>Poor bank/investor credibility</li> </ul>	<b>Recommended Actions</b> <ul style="list-style-type: none"> <li>Commission an urgent financial reporting health check</li> <li>Implement a basic year-end close timetable</li> <li>Engage an audit readiness advisor before next year-end</li> <li>Resolve all prior year audit findings as a priority</li> <li>Assign a named close owner accountable to the CFO</li> </ul>

LEVEL 2 — MANAGED		
<b>Characteristics</b> <ul style="list-style-type: none"> <li>Close timetable exists but is not consistently followed</li> <li>Audit commences without complete PBC</li> <li>Tax note frequently adjusted during audit</li> <li>IFRS gaps exist but major standards partially addressed</li> <li>Board approves accounts without detailed challenge</li> <li>Deferred tax often omitted or estimated</li> </ul>	<b>Risks &amp; Gaps</b> <ul style="list-style-type: none"> <li>Audit timeline regularly exceeded</li> <li>Recurring audit management letter points</li> <li>Tax provision errors carry year-on-year risk</li> <li>Board governance insufficient under CAMA 2020</li> </ul>	<b>Recommended Actions</b> <ul style="list-style-type: none"> <li>Formalise PBC list and target complete delivery on Day 1 of audit</li> <li>Engage tax advisor to review CIT computation and deferred tax</li> <li>Introduce pre-audit IFRS technical review by Financial Controller</li> <li>Present close status to CFO weekly from T-60</li> <li>Implement audit query tracker</li> </ul>

LEVEL 3 — STRUCTURED		
<b>Characteristics</b> <ul style="list-style-type: none"> <li>Formal year-end close timetable followed by finance team</li> <li>PBC file substantially complete at audit commencement</li> <li>Key IFRS standards (IAS 16, IFRS 9, IFRS 16) fully applied</li> <li>Audit committee actively reviews financial statements</li> </ul>	<b>Risks &amp; Gaps</b> <ul style="list-style-type: none"> <li>Complex standards (IFRS 15, IAS 36, IAS 12) may have gaps</li> <li>Audit queries still require 1–2 weeks management response</li> <li>Board may lack detailed financial reporting expertise</li> <li>Financial reporting process dependent on key individuals</li> </ul>	<b>Recommended Actions</b> <ul style="list-style-type: none"> <li>Commission IFRS technical review for complex standards</li> <li>Implement pre-audit financial statements walkthrough with auditors</li> <li>Cross-train finance team on key IFRS standards</li> <li>Introduce financial reporting health check as annual exercise</li> </ul>

<ul style="list-style-type: none"> <li>• Tax computation prepared in parallel with financial statements</li> <li>• Monthly balance sheet reconciliations maintained</li> </ul>		<ul style="list-style-type: none"> <li>• Expand audit committee financial reporting expertise through training</li> </ul>
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<b>LEVEL 4 — INTEGRATED</b>		
<p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>• Year-end close embedded in annual planning cycle</li> <li>• Complete PBC file delivered on Day 1 of audit — auditors confirm</li> <li>• No material audit adjustments in prior 2 years</li> <li>• All applicable IFRS standards fully and correctly applied</li> <li>• Board and audit committee receive structured financial reporting governance</li> <li>• Deferred tax computed and reviewed by tax specialist annually</li> </ul>	<p><b>Risks &amp; Gaps</b></p> <ul style="list-style-type: none"> <li>• Governance risk of complacency — standards are evolving</li> <li>• New standards (amendments, interpretations) may not be captured</li> <li>• Transfer pricing and complex group accounting may need specialist support</li> </ul>	<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>• Introduce continuous monitoring of IFRS amendments and new standards</li> <li>• Engage specialist advisors for complex areas (impairment, business combinations)</li> <li>• Conduct formal board financial literacy training annually</li> <li>• Benchmark reporting quality against peer organisations</li> <li>• Consider FRC quality review readiness assessment</li> </ul>

<b>LEVEL 5 — BEST PRACTICE</b>		
<p><b>Characteristics</b></p> <ul style="list-style-type: none"> <li>• Financial reporting recognised as a strategic capability</li> <li>• Pre-audit walkthrough with auditors conducted 6+ weeks before year-end</li> <li>• Zero material audit adjustments — audit completed on schedule</li> <li>• Financial statements published ahead of statutory deadline</li> <li>• Board and audit committee regarded as exemplary governance standard</li> <li>• Financial reporting team stays current on all IFRS developments</li> </ul>	<p><b>Risks &amp; Gaps</b></p> <ul style="list-style-type: none"> <li>• Cost of maintaining best practice infrastructure requires sustained investment</li> <li>• Periodic external benchmarking remains essential to avoid complacency</li> </ul>	<p><b>Recommended Actions</b></p> <ul style="list-style-type: none"> <li>• Maintain annual external IFRS health check and peer benchmarking</li> <li>• Contribute to FRC consultations and industry working groups</li> <li>• Invest in finance team IFRS CPD and technical development</li> <li>• Consider publishing a voluntary extended annual report to reinforce governance reputation</li> </ul>

## Financial Reporting Maturity Matrix

Element	L1 — Reactive	L2 — Managed	L3 — Structured	L4 — Integrated	L5 — Best Practice
<b>Close Timetable</b>	None	Informal	Formal, followed	Embedded in planning	<b>Automated + monitored</b>
<b>PBC File</b>	Absent / late	Partially complete	Substantially complete	Complete on Day 1	<b>Complete + indexed</b>

Element	L1 — Reactive	L2 — Managed	L3 — Structured	L4 — Integrated	L5 — Best Practice
<b>IFRS Compliance</b>	Major gaps	Partial	Core standards met	All standards met	<b>Technical leadership</b>
<b>Tax Note</b>	Absent/estimated	Often adjusted	Reviewed pre-audit	Specialist reviewed	<b>Concurrent w/ accounts</b>
<b>Audit Outcome</b>	Qualified / delayed	Late / significant queries	Clean / some queries	Clean / on time	<b>Clean / ahead of time</b>
<b>Board Governance</b>	Rubber stamp	Minimal challenge	Active review	Structured governance	<b>Exemplary governance</b>

## SECTION 8A | DIGITAL FINANCE & AI IN FINANCIAL REPORTING

The finance function is in the early stages of a structural transformation driven by digital technology, automation, and artificial intelligence. For CFOs, this transformation presents both an opportunity — to significantly improve the quality, speed, and insight generated by financial reporting — and a risk, if digital enablement is adopted without the governance, data quality, and change management foundations required to make it sustainable.

### Finance Digital Transformation — The CFO's Agenda

Digital transformation in finance is not primarily a technology project — it is a business capability project. The CFO owns the finance function's digital maturity and is responsible for ensuring that digital tools serve the needs of the business: producing faster closes, better insights, and more reliable financial data. The following represent the highest-priority digital capabilities for Nigerian finance functions in 2026:

- Automated close management — replacing manual tracking with system-driven month-end and year-end close workflows
- Automated reconciliations — eliminating manual cell-by-cell reconciliation for high-volume accounts
- Business intelligence dashboards — enabling real-time visibility of financial performance for management and the board
- AI-assisted financial reporting — using artificial intelligence to identify anomalies, flag risks, and draft narrative reporting
- Continuous monitoring — automated controls testing that flags exceptions in real time rather than waiting for year-end audit

### Close Management Automation

One of the most significant sources of finance team inefficiency is manual close management — tracking tasks in spreadsheets, chasing status updates by email, and compiling PBC files manually. Close management software (or well-configured project management tools) can transform this process:

- Automated task assignment with deadline tracking — every close task assigned, due-dated, and escalated automatically
- Real-time close status dashboard — visible to the CFO, Financial Controller, and audit committee simultaneously
- Automated PBC file assembly — documents requested, received, and indexed automatically against a pre-configured PBC template
- Audit trail of close completion — a permanent, timestamped record of who completed each close step and when

*Finance teams that implement close management automation typically reduce their month-end close cycle by 30–50% — freeing time for analysis rather than administration. Year-end benefits are proportionally greater.*

### Automated Reconciliations

High-volume account reconciliations — bank accounts, intercompany balances, debtors control, creditors control — are a major consumer of finance team time and a significant source of error when performed manually. Automation of these reconciliations produces:

- Faster exception identification — only unmatched items require human attention; matched items clear automatically
- Improved accuracy — automated matching eliminates transposition errors and missed items
- Audit-ready evidence — automated reconciliation systems produce output that meets auditor evidence requirements without additional formatting

- Scalability — as transaction volumes grow, automated reconciliations scale without proportional staffing increases

## Business Intelligence and Power BI Reporting

Business intelligence (BI) tools — with Microsoft Power BI as the most widely adopted in Nigerian corporate environments — enable finance teams to transform raw general ledger data into interactive, visual dashboards that provide management, the board, and the audit committee with real-time financial insight:

- CFO Dashboard: Revenue vs budget, gross margin trend, EBITDA waterfall, cash flow position — updated automatically from the GL
- Board Reporting Dashboard: Summary P&L, balance sheet highlights, KPIs, and compliance status — in a board-ready visual format
- Operational Finance Dashboards: Departmental cost tracking, debtor ageing, creditor ageing, inventory position — accessible to business unit leaders
- Audit Committee Reporting: Risk metrics, compliance status, internal control exceptions — presented in a structured, exception-focused format

## AI-Assisted Financial Reporting

Artificial intelligence tools are increasingly available to finance teams for specific, high-value applications in financial reporting:

- Anomaly detection: AI algorithms scan the general ledger for unusual transactions, round-number postings, and period-end concentration of entries — flagging items for human review before the audit
- Variance analysis automation: AI tools can explain financial variances in plain language, reducing the time finance teams spend writing management commentary
- Document extraction: AI-powered tools can extract data from invoices, contracts, and bank statements for reconciliation and posting — reducing manual data entry
- Predictive analytics: AI models can forecast cash flows, model revenue scenarios, and project working capital requirements with greater accuracy than static spreadsheet models

*CFO Note: AI in finance is most effective when deployed on clean, structured data with strong data governance. Organisations that invest in data quality before AI adoption realise significantly greater benefit than those that deploy AI on poorly managed data.*

## Continuous Monitoring and Internal Controls

Traditional internal controls testing happens at defined intervals — monthly, quarterly, or annually. Continuous monitoring technology enables real-time controls testing across high-volume transaction populations, providing:

- Journal entry monitoring: Automated review of all manual journal entries against risk criteria — flagging unusual entries for human review in real time
- Segregation of duties monitoring: Continuous checks that access rights and transaction approvals are maintained within policy
- KPI monitoring: Automated alerts when key financial ratios or thresholds breach defined limits
- Audit efficiency: External auditors increasingly accept continuous monitoring outputs as audit evidence — reducing the volume of substantive testing required

## Data Governance — The Foundation of Digital Finance

Digital finance tools are only as reliable as the data they operate on. Data governance — the policies, processes, and accountabilities that ensure data quality, integrity, and security — is the precondition for effective digital finance:

- Master data management: Chart of accounts, cost centre structure, vendor master, and customer master must be controlled, clean, and consistently applied
- Data access controls: Role-based access to financial systems must be documented, reviewed, and enforced — preventing both fraud and inadvertent error
- Data reconciliation: Financial data flowing between systems (ERP, payroll, treasury, consolidation) must be reconciled at each interface
- Data retention: Financial data must be retained in accordance with regulatory requirements — 6 years minimum under Nigerian law — in an accessible, auditable format

## CFO Dashboard Framework

Dashboard Layer	Key Metrics / Content	Audience
<b>Executive CFO Dashboard</b>	Revenue vs budget, gross margin, EBITDA, operating cash flow, days sales outstanding, net debt position — updated daily from GL	CFO, Finance Director, CEO
<b>Board Financial Dashboard</b>	Monthly P&L summary, balance sheet highlights, cash flow, KPIs vs strategy, compliance certificate status — board-ready PDF export	Board of Directors, Audit Committee
<b>Operational Finance Dashboard</b>	Departmental cost tracking, procurement KPIs, debtor ageing, inventory position, payroll headcount vs budget	Business Unit Heads, Finance Business Partners
<b>Compliance &amp; Risk Dashboard</b>	Tax compliance status (PAYE, VAT, CIT), audit exception tracker, regulatory notice log, internal control exception report	CFO, Audit Committee, External Auditors

### OUTLIERS ADVISORY INSIGHT | BUILDING A DATA-DRIVEN FINANCE FUNCTION

The transition to a data-driven finance function requires more than software — it requires a deliberate investment in data quality, finance team digital capability, and governance infrastructure.

Outliers Professionals Ltd supports organisations in designing and implementing digital finance strategies: from Business Intelligence dashboard development and Power BI reporting design, to data governance frameworks, close automation, and AI readiness assessments.

Our Business Intelligence and Data Analytics service helps finance functions produce faster, more insightful reporting — enabling CFOs to spend less time compiling numbers and more time interpreting them for business decision-making.

Our approach is practical and phased: we start with the highest-impact, lowest-complexity improvements — delivering value quickly while building toward a fully data-driven finance function.

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## SECTION 8B | CFO DASHBOARD & MANAGEMENT REPORTING FRAMEWORKS

A CFO dashboard framework is the operational intelligence layer that transforms raw financial data into boardroom-ready insight. The frameworks in this section have been designed for implementation in Power BI, Excel, Tableau, or any modern business intelligence platform. Each dashboard serves a distinct audience and purpose — from the executive CFO's daily operational view through to the board's strategic oversight perspective.

*Design principle: An effective CFO dashboard shows the right metric to the right person at the right frequency. Overwhelming boards with granular operational data, or providing executives with only high-level summaries, both represent dashboard design failures.*

### Dashboard 1 — Executive CFO Dashboard

The Executive CFO Dashboard is the primary operational tool for the Chief Financial Officer and Finance Director. It provides a real-time, consolidated view of the organisation's financial position and performance — updated daily from the general ledger and supporting systems. This dashboard is the CFO's equivalent of the pilot's cockpit instruments.

KPI	Why It Matters	Calculation	Frequency	Board Relevance
<b>Revenue Growth %</b>	Measures top-line momentum and market traction relative to prior period and budget	$(Current\ Revenue - Prior\ Period) / Prior\ Period \times 100$	Monthly vs budget; quarterly vs prior year	Primary performance indicator for board review
<b>EBITDA Margin</b>	Measures operational profitability stripping out financing and non-cash charges — the clearest view of operational efficiency	$EBITDA / Revenue \times 100$	Monthly; 12-month rolling trend	Covenant monitoring; investor reporting baseline
<b>Net Profit Margin</b>	The bottom-line profitability after all charges — the ultimate measure of financial performance	$Net\ Profit\ After\ Tax / Revenue \times 100$	Monthly vs budget; quarterly vs prior year	Shareholder reporting; dividend policy basis
<b>Current Ratio</b>	Measures short-term liquidity — whether the organisation can meet near-term obligations without refinancing	$Current\ Assets / Current\ Liabilities$	Monthly; trend analysis	Lender covenant compliance; going concern assessment
<b>Working Capital (NGN)</b>	The net short-term funding requirement — reflects the cash tied up in trading activities	$Current\ Assets\ minus\ Current\ Liabilities$	Weekly cash position; monthly working capital	Treasury management; banking facility headroom
<b>Cash Position (NGN)</b>	The most critical operational measure — reflects available liquidity for ongoing operations and payments	$Sum\ of\ all\ bank\ balances$	Daily cash report; weekly treasury summary	Direct board escalation trigger if below minimum threshold
<b>Debt-to-Equity Ratio</b>	Measures financial leverage — the proportion of the balance sheet funded by debt vs shareholders equity	$Total\ Debt / Shareholders\ Equity$	Monthly; half-yearly covenant reporting	Banking covenant compliance; investor leverage assessment

KPI	Why It Matters	Calculation	Frequency	Board Relevance
<b>Operating Cash Flow</b>	Measures the cash generated from trading operations — confirms that accounting profits are converting to cash	<i>Cash from Operations per Cash Flow Statement</i>	Monthly; quarterly trend	Quality of earnings assessment; dividend sustainability

**MANAGEMENT INSIGHT | THE CFO DASHBOARD AS A GOVERNANCE TOOL**

What it means for management: A CFO dashboard is not just a reporting tool — it is a governance control mechanism. When the right metrics are visible to the right people at the right frequency, problems surface faster and decisions are made on evidence rather than instinct.

Why it matters: Organisations that operate without real-time financial dashboards are managing in the dark. By the time a monthly management account reveals a problem, two to four weeks of corrective action opportunity has already been lost.

Strategic implication: The CFO dashboard should be the first document reviewed at the start of every executive management meeting — not the last item on the agenda.

Recommended action: Implement the Executive CFO Dashboard in Power BI or Excel within 90 days. Start with the 8 KPIs above. Add complexity as data quality and team capability mature.

## Dashboard 2 — Audit Committee Dashboard

The Audit Committee Dashboard provides the oversight metrics that enable the audit committee to discharge its governance responsibilities without requiring executive-level operational detail. It should be presented as a standing agenda item at every audit committee meeting — structured to surface exceptions and risks, not routine information.

Dashboard Component	Content & Metrics	Governance Significance
<b>Audit Findings Tracker</b>	Number of open audit findings by severity (Critical / High / Medium / Low); age of each finding; responsible owner; target resolution date	Demonstrates management's responsiveness to audit findings — chronic open items signal governance weakness; board should challenge management on any finding open >90 days
<b>Open Audit Queries</b>	Current live audit queries (during audit period): number open, average days open, % resolved within agreed SLA	Speed of query resolution directly affects audit cost and timeline; patterns of slow resolution should be investigated by the audit committee
<b>Internal Control Exceptions</b>	Number of internal control failures identified in the period; categorised by type (access control, segregation of duties, authorisation, reconciliation); trend vs prior period	Rising control exceptions are an early warning signal for financial reporting risk; the audit committee should request root cause analysis for all significant exceptions
<b>Compliance Status Summary</b>	Traffic-light status for each regulatory obligation: NRS, CAC, PenCom, NSITF, ITF, NDPC — GREEN (current), AMBER (due within 30 days), RED (overdue)	Regulatory non-compliance is a board governance matter; the audit committee should receive immediate escalation of any RED status
<b>Regulatory Filing Calendar</b>	Forward-looking view of all material regulatory deadlines in the next 60 days — with lead time flags	Enables the audit committee to anticipate upcoming compliance obligations and verify management is preparing
<b>Risk Heat Map</b>	Visual matrix of the top 10 financial reporting and compliance risks —	Enables the audit committee to challenge management's risk assessment; provides

Dashboard Component	Content & Metrics	Governance Significance
	plotted by likelihood and impact; trend vs prior quarter	basis for directing internal audit focus

### Dashboard 3 — Tax & Compliance Dashboard

The Tax & Compliance Dashboard gives the CFO a consolidated, real-time view of the organisation's regulatory filing position across all material obligations. For organisations with government procurement exposure, this dashboard is particularly critical — a single compliance gap can trigger procurement disqualification that dwarfs the regulatory penalty.

Obligation	Status	Last Filed	Next Due	CFO Action Required
CIT Return	GREEN / AMBER / RED			
VAT Return (monthly)	GREEN / AMBER / RED			
PAYE Remittance (monthly)	GREEN / AMBER / RED			
WHT Remittance (monthly)	GREEN / AMBER / RED			
Pension (PenCom)	GREEN / AMBER / RED			
NSITF Contribution	GREEN / AMBER / RED			
ITF Annual Levy	GREEN / AMBER / RED			
CAC Annual Returns	GREEN / AMBER / RED			
NDPC DPCP	GREEN / AMBER / RED			
FRC Dues	GREEN / AMBER / RED			

Key metrics for the Tax & Compliance Dashboard include:

- Tax Exposure Tracker: Estimated penalty exposure if any obligation is currently in default — quantified in NGN for CFO risk assessment
- Certificate Validity Register: Expiry dates for TCC, PenCom, NSITF, and ITF certificates — with renewal lead times flagged 60 days in advance
- Regulatory Notice Register: All outstanding notices from regulators — with response deadlines, amounts claimed, and resolution status
- WHT Credit Note Position: Total WHT credit notes outstanding receivable — relevant for offset against CIT liability

**OUTLIERS ADVISORY INSIGHT | TAX & COMPLIANCE DASHBOARD — OUTLIERS IMPLEMENTATION**

Outliers Professionals Ltd designs and implements Tax & Compliance Dashboards for CFOs and finance teams — integrated with your existing accounting systems, regulatory filing portals, and compliance

calendar.

Our dashboards are updated in real time as obligations are filed — giving the CFO a live view of the organisation’s regulatory position rather than a static monthly snapshot.

We also provide dashboard training for finance teams and board audit committees — ensuring the right people can read, challenge, and act on dashboard data effectively.

Contact: info@outlierspro.com | 08051976005 | www.outlierspro.com

## Dashboard 4 — Finance Operations Dashboard

The Finance Operations Dashboard provides the metrics required to manage the day-to-day efficiency of financial operations — from close cycle performance to working capital management. This dashboard is the Financial Controller’s primary operational tool and provides the CFO with early warning of operational finance issues before they affect the income statement.

KPI	Definition	Target / Benchmark	Management Action
<b>Close Cycle Time (days)</b>	Number of calendar days from year-end to delivery of final audited financial statements to the board	Target: 90 days or less (within CAMA 2020 AGM window)	Review close process, identify bottlenecks; consider Outliers Audit Readiness service
<b>Days Sales Outstanding (DSO)</b>	Average number of days to collect outstanding trade receivables from invoice date	Industry-dependent; benchmark vs prior year trend and sector average	Review credit control policy; address aged debtors; review ECL provision adequacy
<b>Days Payable Outstanding (DPO)</b>	Average number of days to pay trade payables from invoice receipt	Balance between preserving cash and maintaining supplier relationships	Optimise payment terms with key suppliers; avoid late payment penalties
<b>Inventory Days (where applicable)</b>	Average number of days inventory is held before sale or use	Industry-dependent; reduce to free working capital without stockouts	Review inventory management; identify slow-moving or obsolete stock for write-down
<b>Cash Conversion Cycle (days)</b>	DSO + Inventory Days - DPO: the net days of cash tied up in the trading cycle	Shorter is better; negative CCC indicates cash-generative operations	Holistic working capital improvement programme targeting all three components
<b>Budget Variance %</b>	Actual performance vs approved budget across revenue, gross margin, and operating costs	Target: within 5% for revenue; within 3% for controllable costs	Monthly variance analysis with management commentary; re-forecast if persistent

## Dashboard 5 — Business Intelligence Dashboard

The Business Intelligence Dashboard moves beyond financial reporting into forward-looking analysis — combining historical financial data with operational metrics, customer intelligence, and predictive analytics to support strategic decision-making. This is the dashboard that separates the CFO as a strategic partner from the CFO as a financial scorekeeper.

BI Component	Content	Strategic Value
<b>Revenue Trend Analysis</b>	Monthly revenue trend across 24 months; seasonality analysis; revenue by product, segment, and geography; year-over-year	Identifies structural vs cyclical revenue patterns; informs pricing strategy and product portfolio decisions

BI Component	Content	Strategic Value
	growth waterfall	
<b>Profitability Trends</b>	Gross margin trend by product/service line; contribution margin analysis; cost allocation efficiency; profitability by customer segment	Identifies the most and least profitable activities — enabling capital allocation decisions that improve blended margin
<b>Customer Analysis</b>	Revenue concentration (top 10 customers as % of total); customer acquisition cost; revenue per customer trend; churn and retention metrics	Identifies over-concentration risk; guides commercial strategy; supports revenue forecasting accuracy
<b>Product / Service Performance</b>	Revenue, margin, and volume by product or service line; trend vs prior period and budget; market share indicators where available	Identifies growth products vs declining products; informs investment prioritisation and portfolio rationalisation
<b>Geographic Analysis</b>	Revenue and profitability by region, state, or market — including multi-state PAYE and tax implications	Supports expansion decisions; identifies underperforming markets; highlights regulatory complexity by geography
<b>Predictive Forecasting</b>	AI-assisted 12-month revenue and cash flow forecast; scenario modelling (base, optimistic, stress); sensitivity analysis on key assumptions	Enables proactive management rather than reactive response; supports board strategic planning discussions

**OUTLIERS ADVISORY INSIGHT | DATA ANALYTICS & BUSINESS INTELLIGENCE SERVICES**

The dashboards in this section represent Outliers Professionals Ltd's recommended framework for a data-driven finance function. We design, build, and implement these dashboards for clients using Microsoft Power BI, Excel Advanced, and other platforms — tailored to your existing data infrastructure.

Our Business Intelligence service covers: data architecture review, KPI framework design, dashboard build and deployment, Power BI training for finance teams, and ongoing dashboard maintenance and enhancement.

We also provide Predictive Analytics services — building AI-assisted forecasting models that give CFOs visibility into future financial performance with quantified scenario analysis.

The Business Intelligence Dashboard in particular connects the finance function to the operational reality of the business — enabling CFOs to move from reporting what happened to advising on what should happen next.

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## SECTION 9 | FINANCIAL REPORTING SELF-ASSESSMENT

This 25-question self-assessment is designed for CFOs, Finance Directors, and Audit Committee members. Answer Yes, No, or Partial for each question and score your responses using the guide at the end. Complete the assessment independently before benchmarking against your team's view.

*Complete this assessment honestly — without optimism bias. A 'Partial' answer should only be given where the practice exists but is not consistently applied or fully documented.*

#	Assessment Question	Response	Notes / Action
1	Does your organisation follow a formal, documented year-end close timetable starting at least 90 days before year-end?	Yes / No / Partial	
2	Is the PBC file delivered to auditors substantially complete on the first day of the audit?	Yes / No / Partial	
3	Have all bank reconciliations been completed and independently reviewed before the audit commences?	Yes / No / Partial	
4	Is the deferred tax computation (IAS 12) prepared by a qualified tax specialist and reconciled to both the tax return and financial statements?	Yes / No / Partial	
5	Has IFRS 16 been fully implemented — with a complete lease register, right-of-use asset schedule, and lease liability calculations?	Yes / No / Partial	
6	Is revenue recognised in compliance with IFRS 15 — with performance obligations identified and documented for all material revenue streams?	Yes / No / Partial	
7	Are expected credit losses (IFRS 9) computed using a methodology documented and reviewed annually?	Yes / No / Partial	
8	Has an impairment assessment been performed for all goodwill and any assets with impairment indicators (IAS 36)?	Yes / No / Partial	
9	Are all foreign currency balances retranslated at the closing rate at year-end (IAS 21)?	Yes / No / Partial	
10	Has a formal subsequent events review been conducted covering the period from year-end to the financial statements approval date?	Yes / No / Partial	
11	Does the audit committee meet privately with the external auditors (without executive management) at least once per year?	Yes / No / Partial	
12	Has the board received a written explanation of all significant accounting judgements and estimates before approving the financial statements?	Yes / No / Partial	
13	Are all intercompany balances reconciled and agreed before the consolidated accounts are prepared?	Yes / No / Partial	
14	Has a going concern assessment been documented and reviewed by the board, covering at least 12 months from the reporting date?	Yes / No / Partial	
15	Are all tax obligations (CIT, VAT, PAYE, WHT) reconciled in the financial statements and consistent with regulatory filings?	Yes / No / Partial	
16	Has the fixed asset register been updated for all additions, disposals, and write-offs during the year?	Yes / No / Partial	
17	Have all provisions been assessed against IAS 37 criteria — present obligation, probable outflow, reliable estimate?	Yes / No / Partial	
18	Does the organisation's financial reporting process allow for AGM preparation and financial statement approval within the CAMA 2020 6-month window?	Yes / No / Partial	

#	Assessment Question	Response	Notes / Action
19	Are prior year audit management letter recommendations tracked and implemented before the following year-end?	Yes / No / Partial	
20	Is there a named Year-End Close Manager with authority to enforce timetable compliance across all departments?	Yes / No / Partial	
21	Has the finance team received IFRS training within the past 12 months?	Yes / No / Partial	
22	Are all related party transactions identified, properly disclosed, and approved through the appropriate governance process?	Yes / No / Partial	
23	Does the organisation have a documented internal control framework covering financial reporting controls?	Yes / No / Partial	
24	Has a financial reporting health check been conducted with external advisors in the past 12 months?	Yes / No / Partial	
25	Is the financial statements disclosure note on income taxes complete — covering current tax, deferred tax, effective tax rate reconciliation, and unrecognised deferred tax assets?	Yes / No / Partial	

## Interpreting Your Results

Score	Rating	Recommended Action
20–25 Yes	<b>GREEN — Reporting Excellence</b>	Your financial reporting process is well-structured and governance is strong. Maintain through annual external health check. Consider benchmarking against international peer standards.
13–19 Yes	<b>AMBER — Attention Required</b>	Material gaps are present that could result in audit complications, regulatory penalties, or qualified opinions. Engage Outliers Professionals Ltd to conduct a Financial Reporting Health Check and design a remediation plan.
Below 13 Yes	<b>RED — Urgent Action Required</b>	Your financial reporting process presents significant risks — to audit quality, regulatory compliance, and organisational credibility. Contact Outliers Professionals Ltd for an urgent Financial Reporting Health Check before your next year-end.

## SECTION 10 | TEMPLATES & PRACTICAL TOOLS

The following templates are designed as working tools for your finance team. Each template should be owned by a named individual, updated regularly, and made available to the audit committee and external auditors on request.

### Template 1 — Month-End Close Checklist

#	Item	Owner	Status
1	Post all transactions for the month — no backdating after cut-off		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Complete bank reconciliation for all accounts		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Post payroll journal and reconcile to payroll report		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Post depreciation, amortisation, and impairment charges		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Post accruals for known expenses not yet invoiced		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Release or adjust prepayments for the period		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
7	Post WHT and PAYE journals; reconcile to payroll/payment records		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Reconcile debtors ledger to control account		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
9	Reconcile creditors ledger to control account		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
10	Review and clear suspense accounts		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
11	Extract and review management accounts — check for unusual items		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
12	Obtain CFO sign-off on management accounts before distribution		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

### Template 2 — Year-End Close Checklist

#	Item	Owner	Status
1	Confirm year-end cut-off date with all departments — no post-date adjustments after this date		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
2	Complete all 12 month-end close processes including final month		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
3	Complete full year bank reconciliations — obtain year-end bank confirmation letters		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
4	Perform physical inventory count; complete inventory reconciliation		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
5	Update fixed asset register for all 12 months of additions, disposals, and write-offs		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
6	Prepare full ECL computation under IFRS 9 — document methodology and assumptions		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

#	Item	Owner	Status
7	Complete intercompany reconciliation matrix — resolve all differences		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
8	Prepare IFRS 16 schedules — ROU assets, lease liabilities, interest expense		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
9	Complete full-year payroll reconciliation — PAYE, pension, NSITF, ITF		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
10	Prepare draft CIT computation and deferred tax schedule		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
11	Complete subsequent events review — document all events post year-end		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
12	Prepare draft financial statements — agree all figures to supporting schedules		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
13	Assemble complete PBC file — index and label all documents		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
14	Conduct pre-audit walkthrough with CFO — identify any outstanding items		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open
15	Submit financial statements to audit committee for pre-audit review		<input type="checkbox"/> Done <input type="checkbox"/> WIP <input type="checkbox"/> Open

### Template 3 — Audit Request Tracker

Ref	Date	Audit Request / Query	Assigned To	Due Date	Status	Date Resolved
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	
					Open / WIP / Done	

## Template 4 — Balance Sheet Reconciliation Tracker

Balance Sheet Line	Ledger Balance	Reconciliati on Date	Difference	Explained By	Signed Off By	Stat us
Cash & Bank						✓ / X / WIP
Accounts Receivable						✓ / X / WIP
Inventory						✓ / X / WIP
Prepayments						✓ / X / WIP
Fixed Assets (NBV)						✓ / X / WIP
Right-of-Use Assets						✓ / X / WIP
Intercompany Receivable						✓ / X / WIP
Accounts Payable						✓ / X / WIP
Accrued Liabilities						✓ / X / WIP
Tax Payable						✓ / X / WIP
Deferred Tax						✓ / X / WIP
Lease Liabilities						✓ / X / WIP

## Template 5 — Board Financial Reporting Template

The following structure is recommended for the CFO's board reporting paper on financial results:

Section	Content Summary
<b>1. Financial Highlights</b>	P&L summary vs budget and prior year; revenue growth, gross margin, EBITDA, PAT — with CFO commentary on key variances
<b>2. Balance Sheet Highlights</b>	Net assets, total debt, working capital position — with commentary on material movements
<b>3. Cash Flow Summary</b>	Operating, investing, financing cash flows; closing cash position vs covenants
<b>4. Key Accounting Judgements</b>	Summary of material estimates and judgements in the financial statements — with CFO's assessment of risk
<b>5. Tax Position</b>	Effective tax rate; current tax liability; deferred tax position; outstanding NRS matters
<b>6. Compliance Status</b>	PAYE, VAT, pension, CAC, NRS TCC — current status of key compliance obligations
<b>7. Audit Status</b>	Audit progress update; any material audit adjustments; expected audit completion date
<b>8. Key Risks</b>	Material financial reporting risks identified by management; mitigation actions
<b>9. Recommendation</b>	Audit committee / board recommendation on approval of financial statements

## SECTION 11 | HOW OUTLIERS PROFESSIONALS LTD CAN HELP

Outliers Professionals Ltd is a multidisciplinary professional services firm providing integrated financial reporting, IFRS advisory, audit readiness, tax, and governance solutions to Nigerian businesses. Our financial reporting services are designed to support finance teams at every stage of the reporting cycle — from transaction accounting through to board and regulatory approval.

Service	What We Do For Your Organisation
<b>IFRS Advisory</b>	Technical accounting support for complex standards; first-time adoption; accounting policy review; specialist papers on complex transactions (business combinations, financial instruments, impairment); IFRS 9/15/16 implementation
<b>Financial Statement Preparation</b>	Full IFRS-compliant financial statement preparation; IFRS for SMEs accounts; consolidated accounts; comparative analysis; disclosure checklist review; directors' report preparation
<b>Audit Readiness</b>	Pre-audit review of PBC file, financial statements, and key schedules; identification and resolution of documentation gaps; accounting treatment review; audit management during fieldwork; post-audit management letter implementation
<b>Technical Accounting</b>	Complex transaction accounting: business combinations, debt restructuring, lease modifications, impairment modelling, financial instrument classification; technical accounting papers for audit file support
<b>CFO Advisory</b>	Senior finance support for CFOs and Finance Directors: year-end close management, board reporting preparation, audit committee support, financial reporting governance framework design, finance function capability assessment
<b>Financial Reporting Health Checks</b>	Comprehensive review of financial statements against IFRS checklist; identification of disclosure gaps, accounting errors, and improvement opportunities; written report with prioritised findings and remediation recommendations

*Our financial reporting retainer provides year-round access to IFRS technical support, monthly financial review, pre-audit preparation, and board reporting support — at a fixed, predictable annual investment.*

### Contact Outliers Professionals Ltd

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Block 113, Plot 27 Oladimeji Alo Street, Off Freedom Way Lekki, Lagos	TF-C7, Mall of Dubai Gimbiya Street, Area 11, Garki Abuja
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## TOP 20 FINANCIAL REPORTING MISTAKES IN NIGERIA

This section distils the most frequently encountered financial reporting errors identified across Nigerian organisations — from SMEs through to large corporates and regulated entities. Each item represents a recurring finding in external audit management letters, FRC reviews, and NRS audit assessments. CFOs and Finance Directors should use this list as a rapid diagnostic tool at the start of every year-end close.

#	Mistake	Why It Happens / What Goes Wrong	How to Prevent It
01	Leases carried off-balance sheet (IFRS 16)	Organisation has not performed a lease inventory; treating all leases as operating; no ROU asset or lease liability on balance sheet	Commission a lease register. Identify all lease contracts. Apply incremental borrowing rate and prepare ROU/liability schedules annually.
02	Deferred tax completely omitted (IAS 12)	Finance team considers deferred tax an optional disclosure; no tax specialist involved; temporary differences not identified	Prepare an IAS 12 schedule for every year-end as a mandatory workstream. Engage a tax specialist to review. Reconcile to the income tax expense.
03	No ECL model applied to receivables (IFRS 9)	Organisation uses an incurred loss approach (pre-IFRS 9); simplifications applied incorrectly; no staging of credit risk	Document an ECL methodology. Apply simplified approach for trade receivables or general approach for loans. Update assumptions annually.
04	Revenue recognised on despatch not delivery (IFRS 15)	Cut-off not properly controlled; revenue booked when goods leave warehouse regardless of delivery terms	Map revenue streams to IFRS 15 performance obligations. Confirm when control transfers per contract terms. Apply consistent cut-off policy.
05	Related party transactions not disclosed (IAS 24)	No formal related party identification process; directors and senior management not surveyed annually; group transactions omitted	Implement an annual related party declaration process. Survey all directors and KMP. Include a comprehensive IAS 24 disclosure in the notes.
06	Going concern not formally assessed	Management assumes the business is viable without stress-testing; no documented board-approved assessment	Prepare a formal going concern memo with 12-month cash flow projections and sensitivity analysis. Present to and obtain board approval.
07	Intercompany balances not reconciled or eliminated	Group entities use different accounting dates; intercompany loans omit interest; consolidation eliminations incomplete	Establish a monthly intercompany confirmation process. Agree elimination schedule before audit. Confirm all inter-entity loans have valid agreements.
08	Useful lives of fixed assets never reviewed (IAS 16)	Depreciation rates set at inception and never updated; assets fully depreciated but still in use; significant residual values unrecognised	Conduct a formal useful life review annually at year-end. Document the basis for any changes. Adjust prospectively.
09	Foreign currency balances not retranslated (IAS 21)	Finance team unaware of requirement; GL system not configured to retranslate at closing rate; translation differences omitted from P&L	Configure the accounting system to retranslate FCY balances at year-end closing rate. Post exchange difference to P&L. Disclose per IAS 21.

#	Mistake	Why It Happens / What Goes Wrong	How to Prevent It
10	<b>Inventory not physically counted or verified</b>	No annual count; perpetual inventory relied upon without verification; obsolete and damaged stock not written down	Conduct a full physical inventory count at year-end. Obtain auditor attendance confirmation. Write down slow-moving stock to NRV.
11	<b>Impairment not assessed for assets with indicators (IAS 36)</b>	Management assumes no impairment without formal testing; CGU analysis absent; discount rates not documented	Review all assets for impairment indicators at each reporting date. Prepare formal VIU calculation with documented discount rate for assets with indicators.
12	<b>No provisions for legal claims and contingencies (IAS 37)</b>	Legal team does not communicate pending claims to finance; finance team unaware of IAS 37 recognition criteria	Implement a formal legal claim review process. Obtain written confirmation from legal counsel on all material claims. Apply IAS 37 recognition criteria.
13	<b>CIT computation prepared on superseded legislation</b>	Tax computation references old CITA provisions rather than Nigeria Tax Act 2025; add-backs and capital allowances not updated	Engage a tax advisor to review the CIT computation against the Nigeria Tax Act 2025 before filing. Update capital allowance rates.
14	<b>PAYE remittances not reconciled annually to payroll</b>	Monthly remittances made but no annual reconciliation; leavers and joiners not correctly reflected; under-remittances accumulate	Prepare a full-year PAYE reconciliation comparing payroll deductions to State IRS remittances. Obtain all 12 months' receipts.
15	<b>Insufficient accounting policy disclosures (IAS 1)</b>	Boilerplate policies copied from prior year without review; policies not aligned to actual accounting treatments applied	Review accounting policies annually. Ensure each policy reflects actual practice. Disclose significant judgements and estimation uncertainty explicitly.
16	<b>Capitalising revenue expenditure as fixed assets</b>	Maintenance and repair costs capitalised to avoid P&L impact; no formal capitalisation policy applied	Implement and enforce a documented capitalisation policy with a minimum threshold. Train finance and procurement teams on the distinction.
17	<b>WHT credit notes not issued to vendors</b>	WHT deducted but credit notes not issued; vendors unable to offset; WHT receivable overstated on the balance sheet	Establish a monthly WHT credit note issuance process. Reconcile WHT receivable balance to outstanding credit notes at year-end.
18	<b>Directors' report incomplete or formulaic</b>	Report copied from prior year without update; material developments not disclosed; CAC filing obligations overlooked	Review the directors' report against CAMA 2020 requirements annually. Disclose material business developments, future outlook, and post-year-end events.
19	<b>Share-based payments not recognised (IFRS 2)</b>	Management equity or option grants not recorded in financial statements; IFRS 2 considered optional by some preparers	Identify all share-based payment arrangements. Measure at grant date fair value. Charge to P&L over the vesting period with SOCE disclosure.
20	<b>Financial statements inconsistent with</b>	Year-end financial statements do not reconcile to management accounts	Maintain a formal bridge between management

#	Mistake	Why It Happens / What Goes Wrong	How to Prevent It
	management accounts	presented to the board during the year; restatements not explained	accounts and statutory accounts. Document and explain all reclassifications, adjustments, and IFRS adjustments.

**OUTLIERS ADVISORY INSIGHT | OUTLIERS FINANCIAL REPORTING HEALTH CHECK**

The Top 20 list above is drawn from common findings in external audit management letters and regulatory reviews across Nigerian organisations. If your organisation has experienced three or more of these issues in the past two years, a structured Financial Reporting Health Check is likely to be more cost-effective than allowing issues to recur through successive audit cycles.

Our Financial Reporting Health Check is a comprehensive review of financial statements against IFRS requirements, close process controls, and PBC completeness — producing a written report with a prioritised remediation plan.

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## 25 QUESTIONS EVERY AUDIT COMMITTEE SHOULD ASK

The audit committee's most important governance tool is the quality of its questions. The following 25 questions represent the standard of challenge expected of an engaged, financially literate audit committee operating under CAMA 2020 and best-practice governance frameworks. These questions should be asked at the accounts approval meeting — and where satisfactory answers are not available, approval should be deferred until management has addressed the gaps.

*Audit committee members who ask these questions consistently — and who require substantive, evidenced answers — create the conditions for high-quality financial reporting. Those who accept reassurances without evidence are not fulfilling their governance mandate.*

### Revenue & Cut-Off

#	Question	What a Good Answer Looks Like
1	What evidence supports revenue cut-off — specifically, how has management confirmed that revenue recognised at year-end relates to goods and services delivered before the year-end date?	Management should describe the cut-off procedure — review of despatch notes, delivery confirmations, or service completion records against revenue recognised in the final 30 days of the period.
2	Were any manual revenue journals posted after year-end and backdated to the current period? If so, what is the aggregate value and what approval was obtained?	A clear answer that no material backdated revenue entries were posted — or a quantified disclosure of any exceptions with documented approval.
3	How has management satisfied itself that all revenue recognition under IFRS 15 correctly identifies performance obligations and the timing of satisfaction?	Reference to a documented IFRS 15 analysis for each material revenue stream — performance obligations identified, transaction price allocated, recognition timing confirmed.

### Expected Credit Losses & Receivables

#	Question	What a Good Answer Looks Like
4	What assumptions drive the ECL model applied to trade receivables — and how sensitive is profit before tax to a 10% deterioration in the default rate assumption?	Management should present the ECL methodology, default rate assumptions by debtor age bucket, and a sensitivity analysis showing the impact of a stress scenario.
5	Have any significant debtors been excluded from the ECL model, and if so, on what basis has their full recoverability been assessed?	Specific reference to the debtors excluded, the basis for their exclusion (e.g., secured by collateral, government receivable), and the evidence supporting full recoverability.
6	How does the ECL provision level compare to the prior year, and what explains any material movement?	A clear bridge from opening to closing ECL provision, explaining new provisions, reversals, and write-offs — with correlation to the quality of the receivables book.

### Going Concern & Liquidity

#	Question	What a Good Answer Looks Like
7	Has a formal going concern assessment been prepared covering 12 months from the date the financial statements are approved — and has the board reviewed and approved this assessment?	A documented, board-approved going concern memo with 12-month cash flow projections, covenant headroom analysis, and documented stress testing.

#	Question	What a Good Answer Looks Like
8	What stress scenarios have been tested in the going concern assessment, and at what point would the organisation require additional funding?	Specific stress scenarios (e.g., 20% revenue decline, major customer loss) with quantified funding gap analysis and management's stated response.
9	Are there any banking covenants that are currently breached, close to breach, or where a waiver has been sought? Has the auditor been made aware?	A clear disclosure of the covenant position, any breaches or waivers, and confirmation that the auditor has been fully briefed.

## Tax & Deferred Tax

#	Question	What a Good Answer Looks Like
10	Has the CIT computation been prepared with reference to the Nigeria Tax Act 2025 — and has it been reviewed by a qualified tax advisor?	Confirmation that the computation was prepared under the NTA 2025 framework, reviewed by a tax professional, and that all add-backs are documented.
11	What is the organisation's effective tax rate, and what are the three principal reconciling items between the statutory rate and the effective rate?	A prepared effective tax rate reconciliation showing the three largest reconciling items — for example, disallowed expenses, capital allowances, tax losses.
12	Has a deferred tax schedule been prepared for all temporary differences, and has the recoverability of any deferred tax asset been assessed?	A complete IAS 12 schedule reviewed by a tax specialist, with documented evidence supporting the recoverability of any deferred tax asset.
13	Are there any outstanding NRS or State IRS assessments, enquiries, or disputes — and what provision, if any, has been made in the financial statements?	A complete list of all open tax matters, the financial exposure on each, management's assessment of likely outcome, and the provision basis.

## Internal Controls, Governance & Other

#	Question	What a Good Answer Looks Like
14	What material weaknesses or significant deficiencies in internal controls were identified by the external auditor — and what is management's remediation plan and timeline?	A clear summary of all management letter points, management's written response to each, and a tracked implementation plan with named owners and target dates.
15	Have all management letter points from the prior year audit been fully implemented — and where they have not, why not?	A comprehensive prior-year management letter tracking report showing implementation status for each point, with explanation for any outstanding items.
16	Have all related party transactions been identified and disclosed — including transactions with directors, key management, shareholders, and their close family members?	Confirmation that a formal related party survey was conducted, all transactions were captured, and IAS 24 disclosures are complete and cross-referenced to the management accounts.
17	Are the financial statements presented to the audit committee today consistent with the management accounts and budget presentations made to the board throughout the year?	Management should be able to reconcile any material differences between the statutory accounts and management reporting — and explain all reclassifications.
18	What is the status of the organisation's IFRS compliance — specifically for IFRS 9, IFRS 15, and IFRS 16 — and are there any areas where the auditor has identified non-compliance?	A specific, standard-by-standard IFRS compliance statement — not a general assertion. Any gaps should be quantified and a remediation plan presented.

#	Question	What a Good Answer Looks Like
19	Has the data protection compliance programme (DPCP) been submitted to the NDPC — and what is the organisation's current regulatory compliance status across all material obligations?	A compliance status dashboard showing current status (Green/Amber/Red) for all material regulatory obligations including NRS, CAC, PenCom, NSITF, ITF, and NDPC.
20	What is the post-year-end position — are there any events that have occurred since the year-end date that are material to the financial statements or the going concern assessment?	A documented subsequent events review covering the period from year-end to the date of the board meeting, with assessment of adjusting and non-adjusting events.
21	How has the organisation's financial performance in the current year compared to the strategic plan, and what explains any material underperformance?	A clear variance analysis against the strategic plan — not just the budget — with an honest assessment of the causes and management's strategic response.
22	Has the audit been conducted in an environment free from management interference, and did the audit team have unrestricted access to all records, personnel, and systems requested?	Confirmation from the audit engagement partner directly — in the independent session with the audit committee without management present.
23	Is the audit fee adequate to enable the audit firm to conduct a thorough, high-quality audit — and are there any concerns about audit quality that the committee should be aware of?	Again, best answered by the audit partner directly. The committee should be alert to audit fee pressure that might compromise audit quality.
24	Have any whistleblower reports been received during the year relating to financial reporting, fraud, or internal control failures — and how were they investigated?	A clear report on any whistleblower activity, the investigation process, and the outcome — with confirmation that no matters remain unresolved.
25	On the basis of the audit committee's review, does the committee recommend the financial statements for approval by the full board — and are there any reservations it wishes to place on record?	A formal audit committee recommendation, incorporating any reservations or conditions, suitable for minuting and presenting to the full board.

**MANAGEMENT INSIGHT | USING THESE QUESTIONS EFFECTIVELY**

**What it means for management:** These 25 questions define the standard of governance accountability that finance leadership should expect from a well-functioning audit committee. CFOs who prepare substantive, evidenced answers to all 25 before the accounts approval meeting will experience smoother approval processes and stronger board credibility.

**Why it matters:** An audit committee that asks no challenging questions does not protect the organisation — it exposes it. Boards that receive unqualified assurances without evidence are relying on trust rather than governance.

**Strategic implication:** The CFO should use these questions as a self-assessment tool before the accounts approval meeting. If any question cannot be answered confidently with evidence, that is the gap that needs to be closed before the meeting.

**Recommended action:** Circulate these questions to the audit committee chair and members 14 days before the accounts approval meeting. Use management's written responses as the basis for the agenda — not a slide deck of reassurances.

## CFO SELF-ASSESSMENT SCORECARD

This scorecard provides a rapid, quantitative assessment of the organisation's financial reporting maturity. Score each item honestly — partial marks may be awarded where the practice exists but is not consistently applied. Use the total score to benchmark your organisation against the maturity framework in Section 8.

*Complete this scorecard independently before reviewing it with your team. The most useful assessments are those conducted without the instinct to rationalise partial performance as full performance.*

#	Assessment Question	Max Score	Your Score
1	Year-end close timetable starts at T-90 days and is formally published to all finance team members	5	
2	Close completed and PBC file delivered to auditors within 30 days of year-end date	5	
3	Bank reconciliations for all accounts completed and independently reviewed before audit commencement	5	
4	All intercompany balances reconciled and agreed with group entities before year-end close	5	
5	IFRS 16 fully implemented: complete lease register, ROU assets, lease liabilities, correct discount rate	5	
6	IFRS 9 ECL model documented, applied, and reviewed by a qualified reviewer annually	5	
7	IFRS 15 revenue recognition analysis documented for all material revenue streams	5	
8	IAS 12 deferred tax schedule prepared and reviewed by a tax specialist — reconciled to CIT return	5	
9	IAS 36 impairment assessment performed for all assets with indicators and for goodwill annually	5	
10	IAS 24 related party survey conducted annually — all transactions disclosed in the notes	5	
11	CIT computation references the Nigeria Tax Act 2025 and has been reviewed by a qualified tax advisor	5	
12	All 12 months' PAYE receipts obtained and reconciled to payroll deductions	5	
13	Full-year VAT reconciliation prepared and agreed to NRS filings	5	
14	No outstanding NRS assessments without documented management position and provision	5	
15	Audit committee receives a structured compliance dashboard at every meeting	5	
16	All prior year management letter points implemented with documented evidence	5	
17	Going concern assessment documented, stress-tested, and board-approved for 12 months forward	5	
18	No material audit adjustments in the current year — or all adjustments documented with root cause	5	
19	Finance team has received IFRS and compliance training within the past 12 months	5	
20	Annual external financial reporting health check conducted with an	5	

#	Assessment Question	Max Score	Your Score
	independent professional firm		

## Interpreting Your Score

Total Score	Rating	Action Required
91–100	<b>Best Practice</b>	Exemplary financial reporting maturity. Maintain through annual external review and continuous team development. Consider publishing a voluntary extended annual report.
71–90	<b>Mature</b>	Strong foundation. Identify the 2–3 areas scoring below 4/5 and commission targeted improvement. An annual financial reporting health check will identify remaining gaps.
41–70	<b>Moderate Risk</b>	Material gaps in financial reporting capability. Prioritise IFRS compliance, tax review, and audit readiness. Engage Outliers Professionals Ltd for a structured improvement programme.
0–40	<b>High Risk</b>	Significant financial reporting risk requiring urgent intervention. Contact Outliers Professionals Ltd for an immediate financial reporting health check and remediation programme.

## SAMPLE CFO BOARD REPORTING PACK

The CFO Board Reporting Pack is the primary vehicle through which the finance function communicates financial performance, risk, and strategic progress to the board of directors. A well-structured board pack drives better governance decisions, creates accountability for financial performance, and strengthens the board's confidence in management. The following template represents a recommended structure for a monthly or quarterly CFO board report.

### Section 1 — Executive Financial Summary (One Page)

The executive summary should contain the headline numbers a director needs to form a view of the organisation's financial health before reading the detail:

Metric	Current Period	Budget	Prior Year	Variance
Revenue (NGN m)				G / A / R
Gross Profit (NGN m)				G / A / R
Gross Margin %				G / A / R
EBITDA (NGN m)				G / A / R
EBITDA Margin %				G / A / R
PBT (NGN m)				G / A / R
PAT (NGN m)				G / A / R
Operating Cash Flow (NGN m)				G / A / R
Cash & Equivalents (NGN m)				G / A / R
Net Debt (NGN m)				G / A / R

### Section 2 — Profitability Analysis

- Revenue bridge: prior year to current period — volume, price, mix, and new business effects analysed and quantified
- Gross margin analysis by product, service line, or business segment — identifying margin improvement and compression
- Operating cost analysis: fixed vs variable; controllable vs non-controllable; year-on-year movement
- EBITDA bridge: opening to closing — showing the contribution of each major cost and revenue driver
- CFO commentary: 3–5 sentences explaining the most important drivers of current period performance — not a restatement of the numbers

### Section 3 — Balance Sheet & Working Capital

Working Capital Metric	Current Period	Prior Period	Target / Policy
Days Sales Outstanding (DSO)			
Days Payable Outstanding (DPO)			

Working Capital Metric	Current Period	Prior Period	Target / Policy
Inventory Days (where applicable)			
Cash Conversion Cycle (days)			
Current Ratio			
Quick Ratio			
Net Working Capital (NGN m)			

## Section 4 — Cash Flow Summary

- Operating cash flow: EBITDA to operating cash conversion — explain cash consumed/generated by working capital movement
- Investing activities: capital expenditure against approved budget; acquisitions; disposals
- Financing activities: debt drawdowns and repayments; dividends paid; equity raised
- Closing cash position versus minimum operating cash requirement and any covenant minimum
- 13-week cash forecast: rolling short-term liquidity projection available to the board on request

## Section 5 — KPIs vs Strategic Plan

Link financial performance to the strategic objectives approved by the board. Each KPI should have a clear definition, a target, and a current period performance indicator:

Strategic KPI	Target	Current	Trend	Status
Revenue Growth % (YoY)			↑ / → / ↓	G / A / R
EBITDA Margin %			↑ / → / ↓	G / A / R
Customer Retention Rate			↑ / → / ↓	G / A / R
New Revenue % of Total			↑ / → / ↓	G / A / R
Headcount vs Plan			↑ / → / ↓	G / A / R
Return on Capital Employed			↑ / → / ↓	G / A / R

## Section 6 — Key Risks & Regulatory Compliance

Risk / Obligation	Status	Financial Exposure	Action / Owner
NRS — Tax Clearance Certificate	GREEN / AMBER / RED		
CAC — Annual Returns	GREEN / AMBER / RED		
PenCom — Pension Compliance	GREEN / AMBER / RED		
NSITF — Contribution Status	GREEN / AMBER / RED		
NDPC — Data Protection (DPCP)	GREEN / AMBER / RED		

Risk / Obligation	Status	Financial Exposure	Action / Owner
Banking Covenant Compliance	GREEN / AMBER / RED		
Material Legal Claims	GREEN / AMBER / RED		

## Section 7 — Forecast & Required Board Decisions

- 12-month rolling revenue and profit forecast with key assumptions stated explicitly
- Sensitivity analysis: impact of ±10% revenue movement on EBITDA and cash position
- Capital allocation decisions requiring board approval in the next quarter
- Required board decisions: any matter requiring a formal board resolution — clearly separated from information items
- Matters escalated to board from management: any matter where management has divided views and seeks board direction

### OUTLIERS ADVISORY INSIGHT | CFO BOARD REPORTING PLAYBOOK

A board report that reads like a management account is not a board report — it is a data dump. Effective CFO board reporting combines selected financial metrics with narrative insight, forward-looking perspective, and clear action requirements.

Outliers Professionals Ltd helps CFOs design and implement board reporting frameworks that communicate financial performance effectively to boards of all compositions — from technically sophisticated audit committees to operationally focused boards.

Our Board Reporting Playbook service includes: reporting template design, KPI framework development, board paper writing support, and finance team training on effective board communication.

Contact: [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)

## ANNUAL CFO COMPLIANCE CALENDAR

The Annual CFO Compliance Calendar provides a forward-looking, integrated view of all material regulatory filing obligations for the Nigerian CFO. Unlike a general compliance calendar, this tool is structured from the CFO's perspective — linking each obligation to the financial reporting and cash management implications, not just the deadline.

*Best practice: Build this calendar into your finance team's annual planning cycle at the start of each year. Assign a named owner and a T-30 preparation trigger for every material obligation. Print and display it in the finance team workspace.*

Month	Obligation	Regulator / Basis	CFO Impact	Preparation Action (T-30)
Jan	<b>PAYE Remittance (Dec)</b>	NRS / State IRS — Nigeria Tax Act 2025	Cash outflow — December payroll PAYE	Close December payroll by 5th Jan; remit by 10th Jan; obtain receipts
Jan	<b>VAT Return &amp; Remittance (Dec)</b>	NRS — Nigeria Tax Act 2025	Net VAT liability or credit	Reconcile December VAT ledger by 15th Jan; file TaxProMax by 20th Jan
Jan	<b>PenCom Pension (Dec)</b>	PenCom — Pension Reform Act 2014	Cash outflow — 18% of December payroll	Process pension remittance by 7th working day; obtain PFA confirmation
Jan	<b>WHT Remittance (Dec)</b>	NRS / State IRS — NTA 2025	Credit note obligations to vendors	Reconcile December WHT deductions; remit by 21st; issue credit notes
Jan–Mar	<b>NDPC Annual DPCP</b>	NDPC — Nigeria Data Protection Act 2023	Regulatory compliance risk if omitted	Engage DPCO in Q1; prepare and submit DPCP; obtain NDPC confirmation
Jan–Mar	<b>ITF Annual Training Levy</b>	ITF — ITF Act (as amended)	1% of prior year annual payroll	Compute prior year payroll; remit to ITF; obtain ITF compliance certificate
Mar	<b>FRC Annual Dues</b>	FRC — FRC Act 2011	Annual professional dues	Identify FRC-regulated entities; compute dues; file and pay by 31 March
Monthl y	<b>PAYE Remittance</b>	NRS / State IRS — NTA 2025	Cash outflow 10th of each month	Payroll close by 5th; PAYE initiated by 7th; remit by 10th; retain receipts
Monthl y	<b>VAT Return &amp; Remittance</b>	NRS — NTA 2025	Net VAT cash position	Reconcile VAT ledger; file and remit by 21st of each month via TaxProMax
Monthl y	<b>WHT Remittance</b>	NRS / State IRS — NTA 2025	Credit note obligations	Review vendor payments; deduct WHT; remit by 21st; issue credit notes
Monthl y	<b>PenCom Pension Contribution</b>	PenCom — Pension Reform Act 2014	18% of monthly payroll (10% employer + 8% employee)	Remit to PFAs by 7th working day; retain PFA statement
Monthl y	<b>NSITF Contribution</b>	NSITF — NSITF Act (as amended)	1% of gross monthly payroll	Compute; remit within first week; retain NSITF certificate
Jun (Dec YE)	<b>CIT Self-Assessment Return</b>	NRS — Nigeria Tax Act 2025	CIT payment or instalment agreement	Engage tax advisor by Q1; prepare computation; file via TaxProMax by 30 Jun
Jun (Dec YE)	<b>CAC Annual Returns</b>	CAC — CAMA 2020	Filing fees; audit fees; AGM costs	Finalise audited accounts by May; file CAC returns with audited accounts by 30 Jun

Month	Obligation	Regulator / Basis	CFO Impact	Preparation Action (T-30)
<b>Q1 (listed)</b>	<b>SEC Annual Filing</b>	SEC — Investments and Securities Act	Reporting obligations; potential sanctions	Prepare annual report package; file audited accounts within 90 days of year-end
<b>Ongoing</b>	<b>Stamp Duty — Chargeable Instruments</b>	NRS — Stamp Duties Act (as amended)	Transaction cost on leases, agreements, transfers	Review all material contracts executed in the year; stamp before year-end
<b>Ongoing</b>	<b>Tax Clearance Certificate (TCC)</b>	NRS — NTA 2025	Required for procurement; facility renewals	File CIT; pay balance; apply for TCC; track validity date and renewal window

## THE MODERN CFO TECHNOLOGY STACK

The digital transformation of the finance function is not a single technology investment — it is the assembly of an integrated technology stack where each layer supports the others. CFOs who understand the full technology architecture of a modern finance function are better positioned to make investment decisions, assess vendor claims, and build a data-driven finance capability that delivers genuine business intelligence.

Layer	Technology Category	Primary Function	CFO Selection Criteria
1 — Foundation	ERP / Accounting System	The core transaction recording system — chart of accounts, general ledger, subledgers. Examples: SAP, Oracle, Sage, QuickBooks, Tally, Odoo.	Multi-currency; IFRS-compliant chart of accounts; audit trail; Nigerian tax module; CAC filing integration; scalability.
2 — Data	Data Warehouse / Data Lake	Centralised repository for all financial and operational data — enabling cross-system analysis without disrupting source systems.	Ability to connect to ERP, CRM, payroll, and banking systems; data quality controls; access management; cost.
3 — Analytics	Business Intelligence Platform	Transforms raw data into visual dashboards and reports. Examples: Microsoft Power BI, Tableau, Looker, Google Data Studio.	Ease of use for finance team; connectivity to data warehouse and ERP; refresh frequency; dashboard sharing; cost.
4 — Close	Close Management Software	Automates month-end and year-end close task assignment, tracking, and escalation. Examples: FloQast, Blackline, Trintech.	Integration with ERP; checklist management; reconciliation automation; auditor access; PBC file management.
5 — Reconciliation	Automated Reconciliation Software	Matches high-volume transactions automatically across bank statements, GL accounts, and sub-ledgers — exceptions only require human review.	Transaction volume capacity; matching rules flexibility; exception workflow; audit trail; integration with ERP.
6 — Workflow	Workflow & Approval Automation	Automates approval workflows for invoices, payments, expense claims, and journal entries — enforcing segregation of duties electronically.	Configurable approval hierarchies; mobile access; audit trail; integration with ERP and banking systems.
7 — Document Mgmt	Financial Document Management System	Centralised, indexed storage for financial documents — supporting the 6-year document retention requirement under Nigerian law.	Search functionality; access controls; version management; integration with accounting system; audit trail.
8 — AI & Forecasting	AI-Assisted Analytics & Forecasting	Machine learning models for anomaly detection in GL, predictive cash flow forecasting, automated variance analysis narrative.	Explainability of AI outputs; integration with existing data stack; accuracy testing; vendor stability.

The CFO's technology investment strategy should follow a clear sequencing logic:

- Phase 1 — Get the foundation right: Ensure the ERP/accounting system is correctly configured, the chart of accounts is IFRS-compliant, and data quality is reliable before adding analytics layers
- Phase 2 — Build the intelligence layer: Implement Power BI or equivalent for management and board reporting dashboards — connecting directly to the ERP

- Phase 3 — Automate the close: Implement close management software and automated reconciliations — reducing the close cycle and freeing finance team capacity
- Phase 4 — Add AI and forecasting: Layer AI-assisted analytics once the data foundation is clean and the team is data-literate enough to evaluate AI outputs critically

**OUTLIERS ADVISORY INSIGHT | BUILDING A DATA-DRIVEN FINANCE FUNCTION — OUTLIERS ADVISORY**

The technology stack above is a framework for investment sequencing — not a vendor recommendation. The right technology choices depend on organisation size, existing infrastructure, budget, and team capability.

Outliers Professionals Ltd provides technology advisory for finance functions: ERP selection support, Power BI dashboard design and implementation, close automation assessment, and data governance frameworks.

Our Business Intelligence service connects the finance function's data infrastructure to board-ready reporting — enabling CFOs to move from monthly reporting cycles to real-time financial intelligence.

Contact: [info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005 | [www.outlierspro.com](http://www.outlierspro.com)

## ADDITIONAL IFRS STANDARDS — LARGER CORPORATES & GROUPS

The IFRS technical review in Section 4 covers the standards applicable to most Nigerian entities. For larger corporates, group structures, entities with complex equity arrangements, and those undergoing business combinations, the following additional standards require specific attention at year-end.

Std	Topic	What to Review	Common Errors	Audit Focus
IFRS 3	Business Combinations	Identify and measure all identifiable assets acquired and liabilities assumed at fair value; measure goodwill (or bargain purchase gain); confirm contingent consideration accounting; review measurement period adjustments for prior year acquisitions	Goodwill not correctly computed; identifiable intangibles not separately recognised; contingent consideration not measured at fair value; measurement period adjustments not applied retrospectively	Acquisition accounting completeness; goodwill impairment test; fair value of acquired assets and liabilities; contingent consideration valuation
IFRS 5	Assets Held for Sale	Identify assets meeting the 'available for immediate sale and highly probable' criteria; confirm correct classification and presentation; review measurement at lower of carrying amount and FVLCD; check discontinued operation disclosure	Assets classified as held for sale without meeting IFRS 5 criteria; FVLCD not properly determined; discontinued operation disclosures incomplete; reclassification from held-for-sale not disclosed	Classification criteria evidence; FVLCD valuation; discontinued operations P&L separation; period of classification
IFRS 10	Consolidated Financial Statements	Confirm all controlled entities are included in consolidation; identify any structured entities requiring consolidation; confirm elimination of intercompany transactions, balances, profits, and losses; review non-controlling interest measurement	Controlled entities excluded from consolidation; intercompany eliminations incomplete; non-controlling interest incorrectly measured; structured entities not assessed for consolidation	Completeness of consolidation group; intercompany elimination schedule; NCI measurement basis; power over investee assessment
IFRS 12	Disclosure — Interests in Entities	Prepare disclosures for subsidiaries, associates, JVs, and unconsolidated structured entities; disclose significant judgements in consolidation; summarise financial information for material subsidiaries and JVs; disclose restrictions on dividends	Disclosure requirements not understood or omitted; significant judgements in consolidation not disclosed; NCI summarised financial information absent; restrictions on funds transfers omitted	Completeness of disclosure across all entity types; significant judgement disclosures; NCI disclosure; liquidity restrictions
IAS 28	Associates & Joint Ventures	Confirm entities subject to significant influence or joint control; apply equity method correctly; review impairment of investment in associate; confirm proportionate share of OCI; check adequate disclosure	Entity classified as associate without significant influence test; equity method mechanics incorrectly applied; impairment of associate not assessed; JV incorrectly classified as associate	Significant influence determination; equity method computation; associate impairment review; OCI share computation
IFRS	Share-Based	Identify all equity-settled	Management equity	All arrangements

Std	Topic	What to Review	Common Errors	Audit Focus
2	Payments	and cash-settled arrangements; measure at grant date fair value using appropriate model; charge to P&L over vesting period; confirm SOCE reconciliation; check disclosure requirements	arrangements not recognised at all; fair value not determined at grant date; vesting conditions not correctly applied; SOCE disclosure absent; modifications not accounted for	identified; fair value model and inputs; vesting schedule and expense recognition; SOCE reconciliation; modification accounting

**MANAGEMENT INSIGHT | GROUP CFOS — THE CONSOLIDATION GOVERNANCE CHALLENGE**

What it means for management: Group consolidation is one of the most technically demanding areas of IFRS reporting. Each subsidiary reporting pack must be reviewed against the group's accounting policies, intercompany balances must be agreed before consolidation commences, and the consolidation adjustments must be auditable.

Why it matters: Consolidation errors are material by definition — they affect the group financial statements that shareholders, banks, and regulators rely upon. Errors in goodwill, NCI, or intercompany eliminations can result in material misstatements that require restatement.

Recommended action: Establish a formal group reporting timetable with subsidiary reporting deadlines set at T-45. Implement an intercompany confirmation matrix. Appoint a Group Financial Controller with dedicated responsibility for the consolidation process.

## ADVANCED IFRS WORKED EXAMPLES

The following worked examples address the six IFRS standards that generate the highest volume of audit adjustments in Nigerian organisations. Each example follows a structured format: Scenario, Calculation, Journal Entries, Financial Statement Impact, Disclosure Extract, Audit Challenge, and Management Response. These examples are intended as practical reference tools for financial controllers, tax managers, and preparers of IFRS financial statements.

*These examples are illustrative only. Specific facts and circumstances must always be evaluated against the applicable IFRS requirements. Where judgement is significant, the basis for that judgement should be documented in a written technical memo.*

### Example 1 — IAS 12: Deferred Tax Computation

#### Scenario

Omega Manufacturing Ltd (year-end 31 December 2025) has the following items generating temporary differences:

Item	Carrying Amount (NGN)	Tax Base (NGN)	Temporary Difference (NGN)
Property, Plant & Equipment (IAS 16)	450,000,000	310,000,000	140,000,000 (taxable)
Trade Receivables — ECL Provision (IFRS 9)	120,000,000	150,000,000	30,000,000 (deductible)
Lease Liability (IFRS 16)	85,000,000	Nil	85,000,000 (deductible)
Warranty Provision (IAS 37)	25,000,000	Nil	25,000,000 (deductible)
Accrued Bonus (not yet paid)	18,000,000	Nil	18,000,000 (deductible)

#### Deferred Tax Calculation (CIT rate: 30%)

Item	Temp Difference (NGN)	Rate	Deferred Tax (NGN)
PP&E — taxable temporary difference	140,000,000	30%	(42,000,000) DTL
ECL Provision — deductible temp diff	30,000,000	30%	9,000,000 DTA
Lease Liability — deductible temp diff	85,000,000	30%	25,500,000 DTA
Warranty Provision — deductible temp diff	25,000,000	30%	7,500,000 DTA
Accrued Bonus — deductible temp diff	18,000,000	30%	5,400,000 DTA
<b>NET DEFERRED TAX POSITION</b>	—	—	<b>5,400,000 NET DTA</b>

#### Journal Entries

Account	Debit (NGN)	Credit (NGN)
Deferred Tax Asset (Balance Sheet)	47,400,000	—
Deferred Tax Liability (Balance Sheet)	—	42,000,000

Account	Debit (NGN)	Credit (NGN)
Income Tax Expense — Deferred (P&L)	—	5,400,000
<i>Being: recognition of net deferred tax position at 30% on temporary differences per IAS 12</i>		

### Financial Statement Impact

- Statement of Financial Position: Deferred Tax Asset recognised at NGN 47,400,000; Deferred Tax Liability recognised at NGN 42,000,000 (presented net where legally offset: NGN 5,400,000 net DTA)
- Statement of Profit or Loss: Deferred tax credit of NGN 5,400,000 reduces the income tax expense; effective tax rate analysis should reconcile this to the 30% statutory rate
- Disclosure: Note should disclose each category of temporary difference, movement schedule, and assessment of DTA recoverability

### Audit Challenge & Management Response

Typical Audit Challenge	Management Response / Evidence Required
Is there sufficient taxable profit to utilise the deferred tax asset?	Prepare 5-year taxable profit forecast showing sufficient future taxable income. Document assumptions. Board-approved.
Has the correct tax rate (30% or SME rate) been applied?	Confirm the entity's CIT rate classification under the Nigeria Tax Act 2025. Document the basis.
Are the temporary differences correctly identified?	Prepare a complete schedule mapping each asset and liability carrying value to its tax base under NTA 2025.

## Example 2 — IFRS 9: Expected Credit Loss (Simplified Approach)

### Scenario

Delta Trading Ltd has trade receivables of NGN 280,000,000 at 31 December 2025. The company applies the IFRS 9 simplified approach (lifetime ECL provision matrix) for trade receivables without a significant financing component.

### ECL Provision Matrix

Ageing Bucket	Gross Receivable (NGN)	Historical Loss Rate %	Forward-Looking Adj %	ECL Rate %	ECL Provision (NGN)
0–30 days	120,000,000	0.5%	0.3%	0.8%	960,000
31–60 days	75,000,000	2.0%	0.5%	2.5%	1,875,000
61–90 days	45,000,000	5.0%	1.0%	6.0%	2,700,000
91–120 days	25,000,000	15.0%	2.0%	17.0%	4,250,000
Over 120 days	15,000,000	40.0%	5.0%	45.0%	6,750,000
<b>TOTAL</b>	<b>280,000,000</b>	<b>—</b>	<b>—</b>	Weighted	<b>16,535,000</b>

## Journal Entry

Account	Debit (NGN)	Credit (NGN)
Impairment Loss on Trade Receivables (P&L)	16,535,000	—
Allowance for ECL — Trade Receivables (B/S contra)	—	16,535,000
<i>Being: ECL provision on trade receivables per IFRS 9 simplified approach</i>		

## Key Disclosure Requirements (IFRS 7)

- Movement schedule: Opening ECL provision, charge for the year, amounts written off, closing ECL provision
- Ageing analysis of gross receivables by bucket
- Description of the ECL methodology and forward-looking factors applied
- Concentration of credit risk: disclosure if any single debtor represents >10% of total receivables
- Maximum credit exposure: gross receivables before ECL provision

## Example 3 — IFRS 16: Lease Accounting

### Scenario

Horizon Properties Ltd entered a 5-year office lease on 1 January 2025. Annual lease payments are NGN 24,000,000, paid at the start of each year. The company's incremental borrowing rate is 12% per annum. There is no lease incentive or initial direct costs.

### Lease Liability Calculation (Present Value of Future Payments)

Year	Payment Date	Lease Payment (NGN)	Discount Factor @12%	PV of Payment (NGN)
1	1 Jan 2025 (commencement)	24,000,000	1.0000	24,000,000
2	1 Jan 2026	24,000,000	0.8929	21,429,600
3	1 Jan 2027	24,000,000	0.7972	19,132,800
4	1 Jan 2028	24,000,000	0.7118	17,083,200
5	1 Jan 2029	24,000,000	0.6355	15,252,000
<b>TOTAL</b>		120,000,000		<b>96,897,600</b>

Lease Liability at commencement: NGN 96,897,600 | Right-of-Use Asset: NGN 96,897,600 (equal to lease liability at commencement where no initial direct costs or incentives)

### Lease Amortisation Schedule — Year 1 (2025)

Description	Opening Liability (NGN)	Payment (NGN)	Interest @12% (NGN)	Closing Liability (NGN)
Year 1 — 2025	96,897,600	24,000,000	8,748,000*	81,645,600
<i>*Interest = (96,897,600 - 24,000,000) x 12% = 72,897,600 x 12% = 8,747,712 (rounded)</i>				

## Journal Entries at 1 January 2025 (Commencement)

Account	Debit (NGN)	Credit (NGN)
Right-of-Use Asset (Balance Sheet)	96,897,600	—
Lease Liability (Balance Sheet)	—	96,897,600
<i>Being: initial recognition of IFRS 16 right-of-use asset and lease liability</i>		
Lease Payment (Year 1 — paid at commencement)		
Lease Liability (Balance Sheet)	24,000,000	—
Cash / Bank (Balance Sheet)	—	24,000,000

### P&L and Balance Sheet Impact — Year 1

- Depreciation charge (P&L): NGN 96,897,600 / 5 years = NGN 19,379,520
- Finance cost — lease interest (P&L): NGN 8,747,712
- Total P&L charge (Year 1): NGN 28,127,232 (vs NGN 24,000,000 under old operating lease treatment)
- Right-of-Use Asset (Balance Sheet — closing): NGN 96,897,600 - NGN 19,379,520 = NGN 77,518,080
- Lease Liability (Balance Sheet — closing): NGN 81,645,600 (current portion: NGN 24,000,000; non-current: NGN 57,645,600)

*Auditor focus: The discount rate selection is the most challenged assumption in IFRS 16 audits. The incremental borrowing rate must be the rate the lessee would pay to borrow funds to obtain an asset of similar value in a similar economic environment. It should be supported by a documented rate analysis — typically referencing the company's existing borrowing rates or a comparable market rate.*

## Example 4 — IFRS 15: Revenue Recognition (Multi-Element Arrangement)

### Scenario

TechSolutions Ltd signs a 2-year software implementation contract on 1 July 2025 for NGN 45,000,000. The contract includes: (1) software licence, (2) implementation services, and (3) 2-year post-implementation support. The company must apply the IFRS 15 five-step model.

### Step 1–4: Identifying Performance Obligations and Allocating Transaction Price

Performance Obligation	Stand-Alone Price (NGN)	Allocation %	Allocated Price (NGN)	Recognition Basis
Software Licence	20,000,000	40%	18,000,000	Point in time: delivery of licence key
Implementation Services	15,000,000	30%	13,500,000	Over time: % of completion method
Post-Implementation Support (24 months)	15,000,000	30%	13,500,000	Over time: straight-line over 24 months
<b>TOTAL CONTRACT PRICE</b>	<b>50,000,000</b>	<b>100%</b>	<b>45,000,000</b>	

## Revenue Recognised in Year Ended 31 December 2025 (H2 only — 6 months)

- Software Licence: NGN 18,000,000 — recognised in full at delivery (1 July 2025 — point in time)
- Implementation Services: NGN 13,500,000 x 50% complete at year-end = NGN 6,750,000
- Post-Implementation Support: NGN 13,500,000 x 6/24 months = NGN 3,375,000
- Total Revenue Recognised in 2025: NGN 28,125,000
- Contract Liability (deferred revenue) at 31 December 2025: NGN 45,000,000 - NGN 28,125,000 = NGN 16,875,000

## Example 5 — IAS 36: Impairment Testing of a Cash-Generating Unit

### Scenario

Crest Hotels Ltd has a hotel property (CGU) with the following characteristics at 31 December 2025: Carrying Amount = NGN 850,000,000. Management has identified impairment indicators (prolonged economic downturn, occupancy below 50%). The CGU must be tested for impairment.

### Recoverable Amount Calculation

Value in Use Inputs	Assumption / Amount
Projected Cash Flows — Year 1	NGN 95,000,000 (based on current occupancy + modest recovery)
Projected Cash Flows — Year 2	NGN 105,000,000
Projected Cash Flows — Year 3	NGN 115,000,000
Projected Cash Flows — Year 4	NGN 120,000,000
Projected Cash Flows — Year 5	NGN 125,000,000
Terminal Value Growth Rate	3% per annum (in line with long-term inflation)
Pre-Tax Discount Rate	14% (hotel sector WACC)
Terminal Value (Year 5 CF x (1+g) / (r-g))	NGN 125,000,000 x 1.03 / (0.14-0.03) = NGN 1,170,454,545
PV of Years 1–5 Cash Flows (@ 14%)	NGN 387,200,000 (approximate)
<b>PV of Terminal Value</b>	<b>NGN 608,500,000 (approximate)</b>
<b>Value in Use (Recoverable Amount)</b>	<b>NGN 995,700,000</b>

Conclusion: Recoverable Amount (NGN 995,700,000) > Carrying Amount (NGN 850,000,000). No impairment is required. The CGU passes the impairment test.

*If Value in Use had been below carrying amount, impairment would equal the shortfall — charged to P&L immediately. Auditors will challenge: (a) the discount rate — must be pre-tax, asset-specific, and supportable; (b) terminal growth rate — must not exceed long-term economic growth; (c) cash flow projections — must use management-approved budgets, not aspirational targets.*

## Example 6 — IAS 37: Provision for Litigation Claim

### Scenario

Summit Logistics Ltd received a formal legal claim on 15 November 2025 from a former employee for wrongful termination. The company's legal counsel advises that: there is a 70% probability of an adverse judgment; the estimated liability if adverse is NGN 35,000,000 to NGN 55,000,000; the case is expected to be resolved in 18 months.

## IAS 37 Recognition Assessment

IAS 37 Criterion	Assessment	Conclusion
Present obligation as a result of a past event	Legal claim received; past event = alleged wrongful termination	MET — obligation exists
Probable outflow of economic resources	Legal counsel advises 70% probability of adverse outcome — this exceeds 'more likely than not'	MET — outflow probable
Reliable estimate of the obligation	Legal counsel provides range NGN 35m–55m; best estimate = NGN 45m (midpoint)	MET — estimate available
<b>CONCLUSION: PROVISION REQUIRED</b>	Recognise provision at NGN 45,000,000 (best estimate of most likely outcome)	<b>Provision: NGN 45,000,000</b>

## Journal Entry

Account	Debit (NGN)	Credit (NGN)
Legal Claims Expense (P&L)	45,000,000	—
Provision for Legal Claims (Balance Sheet)	—	45,000,000

- Contingent disclosure also required: disclose the range of possible outcomes (NGN 35m–55m), the nature of the claim, and the expected timeframe for resolution
- If probability was <50% ('possible' not 'probable'): no provision, but disclose as a contingent liability per IAS 37.86
- If probability was 'remote': no provision and no disclosure required

## NIGERIAN CFO CASE STUDIES

The following case studies are based on representative scenarios commonly encountered in Nigerian organisations across different sectors. They are presented in a structured format to illustrate the real-world application of financial reporting standards, audit challenges, and governance best practices. These are illustrative examples — not based on specific named organisations.

### Case Study 1 — Manufacturing: The Deferred Tax Crisis

<b>Background</b>	A mid-size Nigerian food manufacturing company (NGN 4.2 billion revenue) had never prepared a deferred tax schedule. The CFO considered IAS 12 optional and CIT was computed on a cash basis.
<b>Problem</b>	During the year-end audit, the external auditors discovered that accumulated capital allowances under NRS rules had created a taxable temporary difference of NGN 680,000,000 — implying a deferred tax liability of NGN 204,000,000 (at 30%). This had been unrecognised for 4 years.
<b>Audit Issue</b>	The auditors issued an audit query requiring: (1) complete IAS 12 schedule; (2) identification of all temporary differences; (3) assessment of DTA recoverability; and (4) prior period correction if the error was material. The audit was extended by 6 weeks.
<b>Management Action</b>	The Finance Director engaged a tax advisory firm to prepare the complete IAS 12 schedule. The error was assessed as material under IAS 8 — requiring a prior period restatement. Opening retained earnings were restated downward by NGN 580,000,000 (cumulative DTL from prior years). The current year DTL addition of NGN 204,000,000 was charged to P&L.
<b>Outcome</b>	The restatement reduced reported equity significantly, triggering a banking covenant review. The company renegotiated its facilities with supporting board communication. The IAS 12 schedule is now prepared annually as a mandatory workstream.
<b>Lessons Learned</b>	1. Deferred tax is not optional under IFRS — even where tax is paid on assessment. 2. Prior period errors compound: a single year's omission becomes a prior period restatement cascade. 3. The cost of correction (audit extension + professional fees + covenant renegotiation) vastly exceeded the cost of correct accounting from inception.
<b>Board Implication</b>	The board approved a finance function capability investment programme including: an external tax review annually; a dedicated tax accounting workstream in the close process; and quarterly reporting of the deferred tax position to the audit committee.

### Case Study 2 — Financial Services: The IFRS 9 ECL Under-Provision

<b>Background</b>	A Nigerian microfinance bank (NGN 2.8 billion loan portfolio) was applying an incurred loss model — not the IFRS 9 expected credit loss model — to its loan portfolio three years after IFRS 9 became effective.
<b>Problem</b>	The CBN examination and external audit both identified that: (1) no ECL staging (Stage 1/2/3) was applied; (2) no forward-looking macroeconomic factors were incorporated; (3) the provision coverage ratio was materially below peer institutions. The CBN directed a minimum additional provision of NGN 320,000,000.
<b>Management Action</b>	A specialist credit risk team was engaged to build an ECL model with: (a) three-stage classification based on significant increase in credit risk; (b) PD/LGD/EAD methodology for Stage 2 and 3 loans; (c) macroeconomic scenarios (base, optimistic, stress) using Nigerian GDP and inflation data as forward-looking indicators.
<b>Outcome</b>	The additional provision of NGN 320,000,000 reduced profit before tax from NGN 410,000,000 to NGN 90,000,000. Capital adequacy ratios fell to near minimum thresholds, requiring a board-approved capital enhancement plan.
<b>Board Implication</b>	The board established a Credit Risk Committee at board level. IFRS 9 ECL was added as a standing quarterly agenda item. The audit committee receives the ECL model assumptions and sensitivity analysis at every meeting.

### Case Study 3 — Real Estate: The IFRS 16 Hidden Liability

<b>Background</b>	A real estate development company had 14 branch offices leased under operating agreements averaging 5 years each. Annual aggregate lease payments were NGN 185,000,000. IFRS 16 had not been implemented; all leases were expensed as incurred.
<b>Problem</b>	On IFRS 16 assessment, the company's lease liability was computed at NGN 620,000,000 — with corresponding ROU assets of NGN 580,000,000 (net of accumulated depreciation). The balance sheet was materially understated and EBITDA was overstated by NGN 185,000,000 annually.
<b>Audit Issue</b>	The external auditor issued a qualification in the prior year audit for non-compliance with IFRS 16. The current year audit required full retrospective restatement. The company's debt-to-equity ratio, when IFRS 16 lease liabilities were included, breached banking covenants.
<b>Management Action</b>	A complete lease register was prepared. ROU assets and lease liabilities were recognised. The incremental borrowing rate (15%) was documented with reference to the company's existing borrowing cost. Bankers were engaged proactively with a full explanation and waiver request.
<b>Lessons Learned</b>	1. IFRS 16 applies to all leases — office space, warehouses, vehicles, and equipment — with limited exceptions for short-term and low-value assets. 2. A qualified audit opinion from a prior year follows the company into banking relationships, investor due diligence, and government procurement. 3. The IFRS 16 discount rate documentation is a primary audit focus — it must be prepared before the audit commences.

### Case Study 4 — Technology: The Revenue Recognition Dispute

<b>Background</b>	A Nigerian SaaS company (NGN 1.1 billion ARR) recognised the full contract value of multi-year software agreements upfront on contract signing — not over the performance obligation period.
<b>Problem</b>	IFRS 15 analysis revealed: (1) multi-year SaaS contracts contained three distinct performance obligations (platform access, onboarding, support); (2) revenue should be recognised monthly over the subscription period for platform access; (3) reported revenue was overstated by approximately NGN 285,000,000.
<b>Outcome</b>	A contract liability (deferred revenue) of NGN 285,000,000 was recognised on the balance sheet. Revenue was corrected. The company was preparing for a private equity fundraise — and the restatement required disclosure to the PE firm, significantly complicating the transaction.
<b>Board Implication</b>	Any organisation pursuing capital raising — debt or equity — must present IFRS-compliant financial statements. Revenue recognition errors are red flags for investors and lenders. The board approved a dedicated IFRS 15 analysis for all new contract types before signing.

### Case Study 5 — SME: The Going Concern Near-Miss

<b>Background</b>	A Nigerian professional services SME (NGN 380,000,000 revenue) presented financial statements showing a profit of NGN 42,000,000. However, the close analysis revealed: (1) accounts payable of NGN 95,000,000 were 6+ months overdue; (2) a bank facility of NGN 120,000,000 was due for renewal in 3 months; (3) three largest clients represented 78% of revenue.
<b>Problem</b>	The external auditor prepared a going concern assessment and concluded that material uncertainty existed regarding the entity's ability to continue as a going concern — requiring a going concern emphasis of matter paragraph in the auditors' report.
<b>Management Action</b>	The CFO prepared a 12-month cash flow projection with three scenarios. A creditor management plan was implemented. The bank facility was renegotiated with a 2-year extension. The board approved a client diversification strategy. The going concern disclosure

	was included in the financial statements notes.
<b>Lessons Learned</b>	1. Profit does not equal solvency. A profitable company can fail on cash flow and liquidity — the going concern assessment must examine cash, not just earnings. 2. The going concern note is read by every banker, investor, and major supplier who receives the financial statements. 3. Early proactive engagement with lenders is always more effective than crisis renegotiation.

## Case Study 6 — Oil & Gas: The Impairment Trigger

<b>Background</b>	An indigenous oil services company held exploration and evaluation assets (NGN 1.8 billion) in a deepwater block. A partner's decision to withdraw from the joint venture and a prolonged period of low global oil prices were identified as impairment indicators.
<b>Audit Issue</b>	The auditors required a formal IAS 36 impairment assessment with documented assumptions. The company's initial assessment used aspirational production forecasts. Auditors challenged the discount rate (company used 8%; auditors benchmarked sector WACC at 14%) and the terminal growth rate (company used 5%; auditors restricted to 3%).
<b>Outcome</b>	After applying auditor-challenged assumptions, Value in Use was NGN 1,250,000,000 — below the carrying amount of NGN 1,800,000,000. An impairment charge of NGN 550,000,000 was recognised. The CFO presented the impairment to the board with a full recovery plan and revised project economics.
<b>Board Implication</b>	Impairment charges of this magnitude require board briefing before audit completion — not as a surprise at the accounts approval meeting. The board approved a revised asset strategy and commissioned an independent valuation as supporting evidence for the following year.

## THE FUTURE CFO 2030 — THOUGHT LEADERSHIP PERSPECTIVE

The CFO role is undergoing the most significant structural transformation since the adoption of IFRS. By 2030, the CFO who limits their contribution to financial reporting, cost control, and compliance will be structurally disadvantaged — in capability, in board influence, and in career trajectory. The CFO of 2030 will be simultaneously a financial steward, a strategic partner, a data architect, a sustainability leader, and a technology investor.

This section presents Outliers Professionals Ltd's perspective on the forces reshaping the CFO agenda — and the capabilities Nigerian CFOs must build now to lead effectively in 2030 and beyond.

### 1. Artificial Intelligence in Finance

AI is not a future threat to the finance function — it is a present-day capability gap. The gap between organisations that have deployed AI in finance and those that have not will widen significantly between now and 2030.

- AI-assisted financial close: ML models that reconcile high-volume accounts, flag journal entry anomalies, and predict close exceptions before they occur will reduce close cycles from weeks to days
- Predictive financial reporting: AI will generate first-draft management commentary, variance explanations, and board reporting narrative — the CFO's role shifts from preparing analysis to reviewing and enriching AI-generated insight
- Intelligent audit: Continuous audit technology will replace sample-based testing for routine transactions — auditors will focus exclusively on judgements, estimates, and complex transactions
- The CFO's responsibility: Ensure the data infrastructure that AI requires is clean, governed, and consistently structured. AI on poor data produces confident wrong answers — more dangerous than no AI at all

### 2. ESG and Sustainability Reporting — The New Financial Reporting

By 2030, sustainability reporting will be as mandatory and as regulated as financial reporting for most large organisations. CFOs who treat ESG as a communications function rather than a reporting discipline will be unprepared for the enforcement environment that is developing globally and arriving in Nigeria.

- IFRS S1 and S2 will be adopted in Nigeria within the next 2–4 years for public interest entities — following the trajectory of IFRS financial reporting adoption
- Lenders are already embedding ESG risk assessments into credit analysis — the CFO who cannot provide Scope 1 and 2 emissions data will face a higher cost of capital
- The CFO must own sustainability data — building the same discipline around ESG metrics (data collection, verification, disclosure) that exists for financial metrics
- Integrated reporting: Financial performance and sustainability performance will be presented in a single integrated report — requiring the CFO and the sustainability function to work as a unified team

### 3. The Data-Driven Finance Function

The finance functions that will define best practice in 2030 will share one characteristic: they will operate in real time. Monthly management accounts will be replaced by daily financial dashboards. Annual audits will be supplemented by continuous monitoring. The CFO will have access to the organisation's financial position at any moment — not as a historical summary, but as a live picture.

- Real-time close: Cloud ERP platforms are already enabling organisations in advanced markets to close their books on the same day as month-end. Nigerian organisations will reach this capability within 5–7 years
- Continuous monitoring: Automated controls testing will monitor 100% of transactions in real time — flagging exceptions to the CFO and audit committee as they occur, not months later

- Predictive cash management: AI-assisted treasury will predict cash shortfalls 30–90 days in advance — enabling proactive facility drawdown, working capital optimisation, and debt management

## 4. Finance Transformation — What It Actually Means

Finance transformation is one of the most overused phrases in management consulting — and one of the least understood by the organisations that attempt it. True finance transformation is not a technology project. It is a deliberate, structured programme to raise the quality, speed, and insight of financial information — using people, process, and technology as an integrated system.

Transformation Dimension	What It Looks Like in 2025	What It Should Look Like by 2030
Close Cycle	30–60 days after month-end; manual process; late management accounts	3–5 days after month-end; automated close management; real-time dashboards
Audit Duration	3–4 months with significant management disruption	6–8 weeks with automated PBC delivery and continuous monitoring
Board Reporting	Monthly accounts delivered 3–4 weeks after month-end	Near real-time board dashboard; monthly narrative commentary
Tax Compliance	Reactive; CIT filed under pressure in June; PAYE reconciled late	Proactive; deferred tax computed monthly; compliance monitored in real time
Financial Planning	Annual budget with quarterly reforecasts in Excel	Rolling 12-month AI-assisted forecasting with scenario modelling
Talent Model	Large transactional finance team; few analytical roles	Smaller, higher-capability team; analysts and business partners dominant

## 5. The CFO as Strategic Partner

The most significant shift in the CFO role between now and 2030 is not technological — it is relational. The CFO who aspires to be a genuine strategic partner to the CEO and board must develop capabilities that go beyond technical financial expertise:

- Commercial acumen: Understanding the competitive landscape, market dynamics, and customer economics as deeply as the commercial directors
- Strategic modelling: Building financial models that evaluate strategic options — M&A, market entry, product launch, capital structure — not just budget performance
- Investor relations: For listed or PE-backed entities, the CFO is increasingly the primary contact for investors — requiring communication skills, capital markets literacy, and the ability to explain financial performance in a strategic context
- Risk intelligence: Moving from a risk reporting function to a risk intelligence function — helping the board understand not just what the risks are, but how they interact and what they mean for the organisation's strategy

## 6. Digital Reporting and Integrated Reporting

The format of financial reporting is changing. By 2030, the statutory PDF financial statement will be one component of a multi-format reporting ecosystem that includes:

- Structured digital reporting (XBRL): Machine-readable financial data that regulators, analysts, and investors can process automatically — already required by the SEC for listed entities in many jurisdictions

- Integrated Report: A single communication covering financial performance, sustainability performance, governance, and strategy — presenting the complete picture of how the organisation creates value
- Continuous disclosure: For listed entities, material information disclosed in real time — not in periodic reports. The distinction between annual reporting and continuous disclosure will narrow further
- Stakeholder-specific reporting: Different reporting formats for different audiences — institutional investors, retail shareholders, employees, regulators, and communities — all drawing from a single source of truth

## 7. The Nigerian CFO's 2030 Readiness Agenda — Actions to Take Now

#	Capability to Build	Why It Matters by 2030	First Action (This Year)
1	<b>IFRS technical depth — particularly IFRS 9, 15, 16, S1, S2</b>	These standards will be enforced, not optional	Commission an IFRS health check against your current financial statements
2	<b>Data literacy and BI capability</b>	CFOs who cannot read a Power BI dashboard will be outpaced by those who built it	Enrol in a Power BI or data analytics programme; implement one BI dashboard this quarter
3	<b>ESG data infrastructure</b>	Lenders and investors will require Scope 1, 2, and 3 data within 3 years	Commission a sustainability materiality assessment; begin Scope 1 and 2 data collection
4	<b>AI familiarity</b>	CFOs who understand AI limitations can govern AI-generated outputs. Those who do not will be over-reliant on them	Trial one AI tool in financial variance analysis; evaluate quality vs human output
5	<b>Strategic communication</b>	The CFO who cannot present financial strategy to non-finance audiences will lose board influence to those who can	Present a strategic financial scenario at the next board meeting — not just historical performance
6	<b>Finance team development</b>	The finance team of 2030 requires different skills than 2025 — data, technology, communication, business partnership	Assess your current team's digital and analytical capabilities. Identify the gaps. Build a 2-year development plan

### OUTLIERS ADVISORY INSIGHT | OUTLIERS PROFESSIONALS LTD — THOUGHT LEADERSHIP AND ADVISORY

The Future CFO 2030 agenda is not a distant concern — it is arriving now, through the IFRS S1/S2 framework, the 2025 Nigerian tax reform, the CBN's ESG guidelines for financial institutions, and the SEC's emerging sustainability disclosure requirements.

Outliers Professionals Ltd works with finance leaders who are building the capabilities required to lead effectively in 2030 and beyond — through IFRS advisory, data analytics implementation, CFO coaching, board reporting design, and financial transformation programmes.

We believe that every Nigerian organisation deserves access to the quality of CFO advisory that supports genuine financial excellence — not just compliance. That is why we publish this toolkit as a free resource for the Nigerian finance community.

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## CFO DECISION FRAMEWORKS

The following frameworks provide structured decision tools for the most common and consequential financial reporting and governance decisions that CFOs face. Each framework replaces intuition with process — producing decisions that are documentable, defensible, and consistent with professional standards.

### Framework 1 — The Provision or Contingency Decision Tree (IAS 37)

When a potential obligation arises — from litigation, regulatory action, warranty claims, or onerous contracts — the CFO must determine the correct accounting treatment. The following decision tree provides a structured pathway:

Question	If YES	If NO
Is there a present obligation (legal or constructive) as a result of a past event?	Proceed to Step 2	No provision. No disclosure unless remote — in which case nothing. If possible (not remote but below probable threshold), disclose as contingent liability.
Is an outflow of economic resources probable (more likely than not — >50%)?	Proceed to Step 3	Contingent liability — disclose in notes. Include: nature of obligation, estimate of financial effect, uncertainties, possibility of reimbursement.
Can a reliable estimate be made of the amount?	RECOGNISE A PROVISION at the best estimate. Where there is a range with no single most likely amount, provide at the midpoint. Discount if material time value of money effect.	In rare cases, if no reliable estimate is possible: disclose as contingent liability. This exception is narrow — if you have a range, you have an estimate.
Is there a possible reimbursement from a third party (insurer, guarantor)?	Reimbursement asset may be recognised separately only if virtually certain to be received. Do not net against the provision. Disclose separately.	No reimbursement asset. The provision stands on its own.

*CFO practical note: The most common IAS 37 error is not the provision calculation — it is the failure to identify that an obligation exists at all. Implement a mandatory legal counsel review at every year-end: all pending litigation, regulatory investigations, and formal claims must be reported to finance in writing, with counsel's assessment of probability and range of outcome.*

### Framework 2 — The Going Concern Assessment Decision Framework

CAMA 2020 requires directors to satisfy themselves that the going concern basis is appropriate. IAS 1 requires disclosure when material uncertainty exists. The following framework provides a structured approach:

Assessment Stage	Actions Required	Documentation Required
Stage 1: Indicator Scan	Review for indicators of going concern risk: net current liabilities, bank facility expiry, covenant breaches, material operating losses, loss of key customer, significant legal proceedings, regulatory sanction	Checklist of indicators reviewed and signed off by CFO; each indicator assessed as present/absent

Assessment Stage	Actions Required	Documentation Required
<b>Stage 2: Cash Flow Projection</b>	Prepare 12-month rolling cash flow forecast from the date of financial statement approval; include base case and at least one stress scenario; identify the point at which additional funding would be required under the stress scenario	Board-approved 12-month cash flow model with documented assumptions; sensitivity analysis showing impact of ±20% revenue movement on liquidity
<b>Stage 3: Mitigating Actions</b>	Identify all available mitigating actions: undrawn facilities, asset disposals, cost reduction levers, equity injection, creditor deferrals; assess their availability, certainty, and quantum	Written evidence of each mitigating action: bank confirmation of undrawn facilities; board-approved cost reduction plan; etc.
<b>Stage 4: Conclusion</b>	Conclude: (a) no material uncertainty — going concern basis appropriate, standard disclosure; (b) material uncertainty exists — disclose the uncertainty prominently in the accounting policy note and auditors' report; (c) going concern basis is not appropriate — use alternative basis and disclose	Written going concern memo approved by the board; conclusion clearly stated; basis for conclusion documented
<b>Stage 5: Board Approval</b>	Present going concern assessment to the full board for approval — not merely the audit committee. Directors collectively approve the going concern basis at the accounts approval board meeting.	Board minutes recording the going concern discussion and directors' approval; copy of the going concern memo presented to the board

### Framework 3 — The Accounting Estimate Change Decision Framework (IAS 8)

Accounting estimates change when new information becomes available or circumstances change. The IAS 8 treatment (prospective, not retrospective) differs critically from changes in accounting policies (retrospective). Misclassifying one as the other is a common error with significant prior period implications.

Change Type	Accounting Treatment	Disclosure Required
<b>Change in Accounting Estimate (e.g., revised useful life of an asset, revised ECL methodology, change in warranty provision rate)</b>	Prospective: apply the new estimate from the current period onwards. No restatement of prior periods. No adjustment to opening retained earnings.	Disclose: nature of the change; effect on current period financial statements; estimated effect on future periods where practicable.
<b>Change in Accounting Policy (e.g., adopting a new IFRS standard, voluntarily changing a policy for more reliable/relevant information)</b>	Retrospective: restate all prior periods presented as if the new policy had always been applied. Adjust opening retained earnings of the earliest period presented.	Disclose: nature of the change; reasons why the new policy is reliable and more relevant; amounts of adjustments to each line item in each period presented.
<b>Correction of a Prior Period Error (e.g., mathematical error, error in applying IFRS, fraud)</b>	Retrospective restatement: correct by restating the comparative amounts for prior period(s) presented. Adjust opening retained earnings. Restate the comparative balance sheet.	Disclose: nature of the error; amount of correction for each period presented; fact that comparatives have been restated. The error must be material to require restatement.

**MANAGEMENT INSIGHT | WHEN TO CALL A PRIOR PERIOD RESTATEMENT**

What it means for management: A prior period restatement is not merely an accounting adjustment — it is a governance event. It means the financial statements previously approved by the board and audited by the external auditors were materially wrong. Banks, investors, and regulators will want to understand how

the error arose and what controls prevented its detection.

Why it matters: Restatements trigger auditor scrutiny of all other estimates and judgements in the affected periods. They can also trigger covenant resets, facility reviews, and regulatory enquiries — particularly for regulated entities.

Strategic implication: The decision to restate should be made by the CFO in consultation with the external auditors and the audit committee — not unilaterally. The audit committee must understand the nature of the error, the period affected, the quantum, and the controls failure that allowed it to occur.

Recommended action: If a potential prior period error is identified during the close process, escalate to the audit committee immediately. Do not wait for the audit to surface it. Proactive disclosure to auditors and the audit committee is always better than reactive response.

## Framework 4 — The Related Party Transaction Approval Framework (IAS 24 / CAMA 2020)

Related party transactions create conflicts of interest, governance risk, and disclosure obligations simultaneously. The following framework provides a structured governance process for identifying, approving, pricing, and disclosing related party transactions:

Stage	Required Actions	Governance Safeguards
Identification	Conduct annual related party survey: all directors, senior management, and their close family members declare interests in entities that transact with the company; update the register of related parties	Survey must be signed; results reviewed by company secretary and audit committee; any new relationships disclosed before transactions commence
Pricing	All related party transactions must be on arm's length terms — meaning the price, terms, and conditions are the same as those available to an unrelated third party in the same circumstances	Obtain two or three independent market quotes for significant transactions; document the basis for confirming arm's length pricing; retain evidence
Board Approval	Material related party transactions require board approval with the interested director(s) abstaining from the vote; what constitutes 'material' should be defined in the board's delegation of authority	Board minutes must record: the nature of the relationship; the terms of the transaction; that the interested director abstained; and the basis on which the board assessed the transaction as fair and reasonable
Disclosure	All related party transactions must be disclosed in the notes per IAS 24.18: nature of relationship, amount of transactions, outstanding balances (including terms and conditions, secured/unsecured, settlement terms, interest charges)	Audit committee reviews all related party disclosures before financial statement approval; external auditors are provided with the complete related party listing and all transaction details

## Framework 5 — The Year-End Journal Entry Review Framework

Journal entries posted in the final days before year-end close are a primary focus of external audit procedures — and a common source of financial reporting manipulation globally. A robust journal entry review process is both a governance control and an audit efficiency measure.

Risk Category	What to Review	Red Flags Requiring Escalation
Late-period revenue journals	All manual credit entries to revenue accounts in the final 5 days of the reporting period; confirm each is supported by a delivery note, service completion confirmation, or other evidence of performance obligation	Round-number revenue entries; entries posted by senior management; entries reversing in the following period; entries with no supporting documentation

Risk Category	What to Review	Red Flags Requiring Escalation
	satisfaction	
<b>Period-end accrual journals</b>	Review all accruals > threshold for completeness, basis of estimate, and approval; confirm all known liabilities at year-end are accrued; confirm no accruals exceed the actual liability	Accruals posted without supporting calculations; accruals that precisely offset an unfavourable budget variance; accruals reversed in the first week of the new period without explanation
<b>Intercompany journals</b>	All intercompany transactions in the final month: confirm matching entries in the counterparty entity; confirm all intercompany balances are agreed before year-end close	One-sided entries with no matching counterparty; intercompany loans without current agreements; transfers that change the profit allocation between group entities near year-end
<b>Management override risk</b>	Journal entries posted outside normal system access; entries posted by IT or system administrators; entries with descriptions such as 'year-end adjustment' without further specification	Entries posted by the CEO, CFO, or Finance Director directly; entries posted at unusual times (weekends, midnight); entries to accounts that are normally system-generated (depreciation, standard cost)

*Governance note: The external auditors are required by auditing standards to design procedures to detect material misstatement arising from management override of controls. A well-designed internal journal entry review — conducted before the audit — signals a strong control environment and reduces the auditor's assessed risk of management override. This directly reduces audit scope and audit duration.*

## ADVANCED AUDIT COMMITTEE TOOLKIT

This section provides the practical tools, frameworks, and templates that enable an audit committee to discharge its governance responsibilities with the rigour expected under CAMA 2020, the FRC Corporate Governance Framework, and international best practice. The materials are designed for use by both executive and non-executive audit committee members.

### Tool 1 — Audit Committee Annual Work Plan

The audit committee's work plan provides structure to the committee's agenda across the year — ensuring all governance responsibilities are addressed systematically rather than reactively:

Q	Agenda Item	Owner	Output
Q1	Review draft audited financial statements — prior year	CFO + External Auditors	Recommendation to board for approval
Q1	Receive external auditors' report and management letter	External Auditors	Management letter response tracker
Q1	Review and approve external audit plan for current year	External Auditors	Approved audit plan
Q1	Assess independence of external auditors — confirm no conflicts	Company Secretary / Legal	Independence confirmation on record
Q1	Review all prior year management letter points — implementation status	CFO / Finance Team	Updated management letter tracker
Q1	Receive IFRS compliance update — new/amended standards effective this year	CFO / Finance Team	IFRS impact assessment
Q2	Receive interim financial statements review (half-year or Q1)	CFO	Interim accounts reviewed
Q2	Review internal audit plan — scope, resources, independence	Head of Internal Audit	Approved internal audit plan
Q2	Receive risk management update — top financial reporting risks	CFO / Risk Manager	Risk register update
Q2	Review related party transaction register — transactions in period	Company Secretary / CFO	Related party disclosure draft
Q3	Receive preliminary year-end planning update from external auditors	External Auditors	Year-end audit issues memo
Q3	Review year-end close timetable — T-90 plan presented to committee	CFO	Approved close timetable
Q3	Receive internal audit findings — Q1/Q2 reviews	Head of Internal Audit	Internal audit report; management responses
Q3	Review tax compliance status — CIT, VAT, PAYE, pension, regulatory	CFO / Tax Manager	Compliance dashboard
Q4	Receive draft financial statements — pre-audit	CFO	Pre-audit review; issues identified
Q4	Private session with external auditors — without management	External Auditors	Auditor's unfiltered view; management concerns
Q4	Review significant accounting judgements — management's assessment	CFO	Judgements and estimates review
Q4	Receive going concern assessment — board approval recommended	CFO / Board	Going concern memo; board approval
Q4	Annual evaluation of audit committee	Committee Chair	Self-assessment report

Q	Agenda Item	Owner	Output
	effectiveness		to full board

## Tool 2 — Management Letter Response Tracker

Every management letter point from the external auditors must be tracked to implementation. The following tracker format ensures accountability and prevents the recurrence of issues across audit cycles:

#	Finding	Severity	Management Response	Owner	Target Date	Status at Next Audit
1		High / Med / Low				Implemented / In Progress / Not Started / Deferred
2		High / Med / Low				Implemented / In Progress / Not Started / Deferred
3		High / Med / Low				Implemented / In Progress / Not Started / Deferred
4		High / Med / Low				Implemented / In Progress / Not Started / Deferred
5		High / Med / Low				Implemented / In Progress / Not Started / Deferred
6		High / Med / Low				Implemented / In Progress / Not Started / Deferred

## Tool 3 — Financial Reporting Risk Register

The financial reporting risk register provides the audit committee with a structured view of the material risks to financial reporting quality — and management's mitigation actions. It should be updated quarterly and presented to the audit committee at each meeting:

Risk	Likelihood	Impact	Mitigating Controls	Residual Risk / Status
Deferred tax computed incorrectly or omitted	Low	High	Tax specialist review of IAS 12 schedule; reconciliation to CIT return; audit committee review	LOW — tax advisor engaged annually
IFRS 9 ECL model methodology challenged by auditors	Medium	High	Documented ECL methodology; board-approved; reviewed by credit risk specialist	MEDIUM — methodology documented; assumptions tested annually
Revenue cut-off errors in final month	Medium	High	Cut-off memo issued to all business units; internal audit review of last 30 days' revenue postings	LOW — internal review implemented
Lease register	Low	High	Annual lease register	LOW — register complete;

Risk	Likelihood	Impact	Mitigating Controls	Residual Risk / Status
incomplete (IFRS 16)			review; property team required to notify finance of new/terminated leases	process in place
Related party transactions undisclosed	Low	High	Annual related party survey; company secretary review; audit committee disclosure review	LOW — survey conducted; disclosures reviewed by committee
Going concern assessment inadequate	Low	Very High	Board-approved going concern memo; 12-month cash flow model; stress testing documented	LOW — board-approved process in place
NRS tax assessment unrecorded	Medium	High	Tax correspondence review quarterly; all assessments reported to CFO within 48 hours	MEDIUM — monitoring process in place
Management override of controls — journal entries	Low	Very High	Journal entry review procedure; dual authorisation for top-side adjustments; auditor testing	LOW — review procedure implemented

### Tool 4 — Auditor Independence Assessment Checklist

The audit committee is responsible for assessing and confirming the independence of the external auditors annually. The following checklist provides a structured framework for that assessment:

#	Independence Consideration	Response	Assessed By
1	Has the audit engagement partner's tenure been assessed against the applicable rotation requirements?	Yes / No / N/A	
2	Has the audit firm confirmed that none of its partners or staff hold financial interests in the company?	Yes / No / N/A	
3	Are all non-audit services provided by the audit firm reviewed and approved by the audit committee, and is total non-audit fee revenue below the threshold that would impair independence?	Yes / No / N/A	
4	Is there any personal relationship between audit firm staff and company management that could impair objectivity?	Yes / No / N/A	
5	Has the audit firm confirmed compliance with the relevant ethical standards applicable in Nigeria?	Yes / No / N/A	
6	Has the audit committee reviewed the auditors' own independence declaration?	Yes / No / N/A	
7	Has the audit committee discussed independence with the engagement partner in the private session (without management present)?	Yes / No / N/A	

## SECTOR-SPECIFIC FINANCIAL REPORTING GUIDANCE

Different sectors present different financial reporting challenges. The following guidance addresses the specific IFRS complexities, audit findings, and reporting requirements that are most commonly encountered in key Nigerian sectors. CFOs and Finance Directors operating in these sectors should review this section alongside the general guidance throughout the toolkit.

### Financial Services — Banks and Non-Bank Financial Institutions

Area	Specific Guidance
<b>IFRS 9 ECL — Staging</b>	Financial services entities must apply the general (three-stage) ECL model — not the simplified approach. Stage 1: 12-month ECL for performing loans. Stage 2: Lifetime ECL where there has been a significant increase in credit risk since origination. Stage 3: Lifetime ECL for credit-impaired assets. The staging assessment requires documented criteria for 'significant increase in credit risk' (SICR) — typically using days past due as a backstop plus forward-looking indicators.
<b>CBN Regulatory Provisions vs IFRS 9</b>	Where CBN-mandated specific provisions exceed IFRS 9 ECL provisions, the higher of the two must be applied for statutory reporting purposes. The difference between CBN provisions and IFRS ECL should be tracked in a regulatory capital memorandum account. Both amounts must be disclosed — IFRS ECL in the financial statements; CBN provisions in the notes on regulatory capital.
<b>IFRS 7 Risk Disclosures</b>	Banks and NBFIs face extensive IFRS 7 disclosure requirements: credit risk concentrations (by sector, geography, and counterparty); liquidity maturity analysis (remaining contractual maturities for financial liabilities); market risk sensitivity analysis (interest rate risk, foreign currency risk); fair value hierarchy for all financial instruments measured at fair value. These disclosures are a primary area of FRC review for financial institutions.
<b>Capital Adequacy and Going Concern</b>	Capital adequacy ratios are a critical going concern indicator for financial institutions. The going concern assessment must include: current CARs vs minimum thresholds; projected CARs over 12 months; capital generation capacity; any regulatory capital enhancement plans. CBN Pillar 1 and Pillar 2 capital requirements must both be addressed.
<b>Effective Interest Rate (EIR) Method</b>	Interest income on loans must be recognised using the effective interest rate method (IAS 39/IFRS 9), not the contractual coupon rate. The EIR must include all fees and transaction costs that are integral to the loan. System support for EIR calculation is a common gap in smaller financial institutions — and a consistently cited audit finding.

### Manufacturing — IFRS Considerations

Area	Specific Guidance
<b>Inventory Valuation (IAS 2)</b>	Manufacturing companies carry inventory at the lower of cost and net realisable value. Cost must include: direct materials, direct labour, and an allocation of production overheads based on normal capacity — not actual capacity. The most common error: including selling costs, general administration, or abnormal idle capacity costs in inventory. Overheads allocated on actual capacity overstates inventory in low-output periods.
<b>Standard Costing Systems</b>	Standard costing is permitted under IAS 2 if results approximate actual cost. Variances must be analysed and allocated: significant adverse variances indicate that the standard costs no longer approximate actual cost and must be updated. A standard cost that has not been reviewed for 2+ years is a consistent audit query.
<b>Right-of-Use Assets — Machinery and Equipment</b>	Manufacturing companies frequently lease plant, machinery, and equipment. IFRS 16 requires all such leases to be capitalised unless they qualify as short-term (less than 12 months) or low-value. Leased machinery with a significant economic value

Area	Specific Guidance
	does not qualify as low-value — all such leases must be on-balance-sheet.
<b>Asset Retirement Obligations (IAS 37)</b>	Where environmental or dismantlement obligations exist — for manufacturing sites, chemical storage, or mining operations — an asset retirement obligation must be recognised. The provision equals the present value of the estimated future dismantlement cost. The unwinding of the discount is recognised as a finance cost annually. This is frequently omitted for Nigerian industrial properties.
<b>Revenue Recognition (IFRS 15) — Bill-and-Hold</b>	Where goods are manufactured to customer order but held at the factory pending customer collection, revenue is recognised only when the goods are separately identified as the customer's, are ready for transfer, and the customer has directed the entity to hold the goods. Informal 'bill-and-hold' arrangements without these specific criteria are a common audit challenge in the manufacturing sector.

## Oil & Gas and Energy — Sector-Specific IFRS

Area	Specific Guidance
<b>IFRS 6 — Exploration and Evaluation Assets</b>	Costs incurred in the exploration and evaluation phase may be capitalised as E&E assets where the entity's accounting policy permits (IFRS 6 provides an exemption from the normal IAS 38 recognition criteria). E&E assets must be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed recoverable amount — the IFRS 6 impairment trigger differs from IAS 36. E&E assets must be reclassified to PP&E or intangibles upon commencement of commercial development.
<b>Production Sharing Contracts (PSCs)</b>	Revenue under PSCs must be recognised based on the entity's share of production — not total production. The allocation between cost oil (recovery of capex and opex) and profit oil (the entity's economic return) must be tracked and applied correctly. Tax paid by the government on behalf of the IOC or indigenous company under some PSC structures must be disclosed as a 'taxes paid on behalf' disclosure and may affect the effective tax rate reconciliation.
<b>Joint Operations (IFRS 11)</b>	Most upstream oil and gas ventures in Nigeria are structured as unincorporated joint ventures or production sharing arrangements — classified as joint operations under IFRS 11. Each party recognises its share of assets, liabilities, revenues, and expenses directly in its own financial statements — line by line, not as a single investment. The operator/non-operator structure creates specific accounting considerations for receivables from and payables to the joint operation cash call account.
<b>Asset Retirement Obligations — Decommissioning</b>	Decommissioning obligations for oil and gas assets are significant. The provision must be: estimated at the present value of the expected future cost; recognised when the obligation arises (typically when the well or facility is constructed); unwound as a finance cost annually; and reviewed annually for changes in cost estimates, timing, or discount rate. Changes in estimates are added to (or deducted from) the cost of the related asset and depreciated over its remaining useful life.
<b>Revenue (IFRS 15) — Lifting Arrangements</b>	Under lifting arrangements, each JV partner lifts a quantity of oil that may differ from its ownership entitlement in any given period. Under-lift positions (lifting less than entitlement) are recognised as inventory or receivable; over-lift positions are recognised as a liability. The method chosen (entitlement or sales) must be applied consistently and disclosed.

## Real Estate and Construction — IFRS Considerations

Area	Specific Guidance
<b>IAS 40 — Investment Property</b>	Property held to earn rental income or for capital appreciation — rather than for use in operations or for sale in ordinary course — is classified as investment property and accounted for under IAS 40. The entity may choose: cost model (cost less accumulated depreciation and impairment) or fair value model (remeasured to fair

Area	Specific Guidance
	value at each reporting date with changes through P&L). Once chosen, the model must be applied to all investment property. Fair value must be supported by an independent professional valuation — at minimum every 3 years, and at year-end where significant market movements have occurred.
<b>IFRS 15 — Revenue Recognition for Property Developers</b>	The critical question for property developers is whether revenue is recognised over time (as construction progresses) or at a point in time (on transfer of completed property). Over-time recognition applies only where the customer simultaneously receives and consumes the benefits, the entity creates an asset with no alternative use and has an enforceable right to payment for work completed, or the entity's performance creates or enhances an asset the customer controls during construction. Off-plan property sales in Nigeria frequently meet the 'no alternative use' criterion — requiring percentage-of-completion revenue recognition if the right-to-payment criterion is also met.
<b>IFRS 16 — Property Developer as Lessor</b>	Where a property developer retains properties and leases them to tenants, the developer is a lessor. Lessor accounting under IFRS 16 distinguishes: operating leases (underlying asset remains on the lessor's balance sheet; lease income straight-lined) and finance leases (underlying asset derecognised; net investment recognised). Most commercial property leases will be classified as operating leases for the lessor.
<b>Borrowing Costs (IAS 23)</b>	Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset must be capitalised as part of the cost of that asset. Qualifying assets include property developments that necessarily take a substantial period to prepare for sale. Borrowing costs capitalised must be calculated on the weighted average cost of all general borrowings where the specific borrowing is insufficient. Cessation of capitalisation: when substantially all activities necessary to prepare the asset for sale are complete.

## Non-Governmental Organisations (NGOs) and Development Sector

Area	Specific Guidance
<b>IPSAS vs IFRS for NGOs</b>	Nigerian NGOs are not required to apply IFRS — they may apply IFRS for NGOs, IPSAS (International Public Sector Accounting Standards), or Nigerian GAAP. However, NGOs receiving funding from international donors (USAID, World Bank, DFID/FCDO, EU) are typically required by their grant agreements to report on an accrual basis consistent with IFRS or IPSAS. CFOs of internationally funded NGOs should confirm their reporting obligations under each grant agreement.
<b>Donor Grant Accounting</b>	Donor grants are recognised in accordance with the conditions attached: unrestricted grants — recognised as income when received or receivable; restricted grants — recognised as income only when the conditions attached to the grant are satisfied (i.e., when eligible expenditure is incurred). Unspent restricted grants must be recognised as deferred income (liability) until the conditions are met. Premature income recognition is the most common audit finding in NGO financial statements.
<b>Functional Currency — International NGOs</b>	Nigerian subsidiaries of international NGOs typically maintain records in NGN but may be required to report to the parent in USD or GBP. IAS 21 applies: the functional currency is the currency of the primary economic environment (typically NGN for a Nigerian operations entity); translation to the parent's presentation currency creates translation differences recognised in OCI, not P&L.
<b>Fixed Assets and Donor-Funded Assets</b>	Assets purchased with donor funds require careful accounting: the asset is recognised by the entity (not the donor) if the entity has control; depreciation is charged over the asset's useful life regardless of the grant period; donor restrictions on asset disposal must be disclosed. Where assets must be returned to the donor at project end, they should not be capitalised — or a provision for return should be recognised.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting (ICFR) is the system of policies, procedures, and activities designed to provide reasonable assurance that financial statements are prepared in accordance with applicable reporting standards and are free from material misstatement, whether due to error or fraud. CAMA 2020 requires directors to assess the adequacy of ICFR — making this a direct governance responsibility, not merely a technical finance matter.

### The COSO Framework Applied to Nigerian Organisations

The most widely adopted internal control framework globally is the COSO (Committee of Sponsoring Organizations) Integrated Framework. It defines five components of effective internal control, each of which is directly applicable to Nigerian organisations:

COSO Component	What It Means	Nigerian Context & Key Controls
<b>Control Environment</b>	The foundation — the tone set by the board and management that influences how control is understood and applied throughout the organisation	Board-approved compliance policy; ethics code; delegation of authority matrix; segregation of duties in the finance function; anti-fraud policy; whistleblower mechanism
<b>Risk Assessment</b>	The identification and analysis of relevant risks to achieving financial reporting objectives — including the risk of management override and the risk of fraud	Annual financial reporting risk register; going concern risk assessment; tax risk review; regulatory compliance risk assessment; fraud risk assessment
<b>Control Activities</b>	The policies and procedures that ensure management's directives are carried out — the day-to-day controls that prevent and detect misstatement	Dual authorisation for payments above threshold; bank reconciliation review; journal entry approval; account reconciliation review; access controls over the accounting system; physical controls over assets
<b>Information &amp; Communication</b>	The systems and processes that capture, process, and communicate financial information reliably — including communication of control responsibilities to staff	Chart of accounts governance; system access management; financial close memo; management accounts distribution; accounting policy manual; finance team training
<b>Monitoring</b>	The ongoing assessment of internal control effectiveness — identifying and correcting deficiencies on a timely basis	Internal audit reviews; management self-assessment of controls; audit committee oversight; external audit management letter; regulatory inspection outcomes

### Key Financial Reporting Controls — Design and Testing

The following controls represent the minimum set of financial reporting controls that should be designed, implemented, and tested in any organisation reporting under IFRS:

Control	Control Type	How to Test Effectiveness	Common Failure Mode
<b>Bank reconciliation reviewed and signed off monthly by the Finance Director</b>	Detective / Monitoring	Inspect monthly reconciliations for FD signature; verify all outstanding items are investigated; confirm no items >30 days without resolution	Reconciliations prepared but not reviewed; long-outstanding reconciling items not investigated; review is cursory

Control	Control Type	How to Test Effectiveness	Common Failure Mode
All payments above NGN X authorised by two signatories (dual control)	Preventive	Select a sample of payments above threshold; inspect for two signatures/approvals; confirm neither approver initiated the payment	Threshold too high; same person initiating and approving; electronic approval by inactive signatory
Journal entries above threshold reviewed and approved by Finance Director before posting	Preventive / Detective	Select a sample of journal entries above threshold; inspect approval in system; review supporting documentation for completeness	Top-side adjustments posted without documentation; CFO posts entries without secondary review; no threshold defined
Monthly balance sheet reconciliation for all accounts, reviewed by Financial Controller	Detective	Inspect reconciliations for each balance sheet line item; confirm reconciling items are explained and aged; verify FC signature	Reconciliations not performed for all accounts; old reconciling items carried without investigation; not reviewed
Intercompany confirmations circulated and agreed before period-end close	Preventive / Detective	Inspect confirmation process; verify responses received from all group entities; confirm differences are resolved before close	Confirmations not circulated; differences not resolved; one-sided intercompany balances
Segregation of duties in payroll: different persons initiate, approve, and pay payroll	Preventive	Map payroll process to identify who performs each step; confirm no single individual has incompatible access rights	Same person sets up employees, approves payroll, and transfers funds; inadequate system access controls

*CAMA 2020 Director Certification: The directors' report must include a statement that: (a) there are adequate internal controls to safeguard the assets of the company; (b) nothing has come to the directors' attention indicating that the internal control systems are not operating effectively. This is not a boilerplate statement — it requires directors to have reviewed ICFR effectiveness and to have a reasonable basis for the certification. The financial reporting risk register and control testing outputs are the evidential basis for this certification.*

## FINANCIAL REPORTING QUALITY INDICATORS

Financial reporting quality is not binary — it exists on a spectrum. The following indicators provide a structured framework for assessing the quality of an organisation's financial statements from the perspective of an informed reader: investor, lender, regulator, or sophisticated analyst. CFOs who understand what these indicators reveal — and how to influence them positively — produce financial statements that command greater credibility.

### Indicator Set 1 — Earnings Quality Indicators

Earnings quality measures the extent to which reported profit is sustainable, cash-backed, and free from accounting manipulation:

Indicator	Formula / Measurement	Interpretation
Cash Conversion of Earnings	<i>Operating Cash Flow / Profit Before Tax</i>	A ratio consistently below 0.7 suggests earnings are not converting to cash — potential earnings quality concern. A ratio > 1.0 indicates strong cash conversion. Volatile or declining ratio warrants investigation of working capital movements.
Accruals Ratio	<i>(Net Operating Assets [t] - Net Operating Assets [t-1]) / Average Net Operating Assets</i>	Higher accruals ratio (more positive) indicates greater reliance on accrual accounting — associated with lower earnings persistence. A consistently positive and increasing accruals ratio is a red flag for analysts.
Revenue Growth vs Cash Received Growth	<i>% change in revenue vs % change in cash received from customers (from cash flow statement)</i>	Significant divergence (revenue growing faster than cash received) may indicate: ECL underprovisioning; revenue recognition timing issues; or significant increase in credit risk. Auditors will analyse this divergence.
Effective Tax Rate Stability	<i>Income tax expense / Profit before tax — year-on-year movement</i>	Large fluctuations in effective tax rate from year to year warrant explanation. Permanent differences (non-deductible expenses, exempt income) should be disclosed. A declining ETR without explanation may indicate deferred tax issues.
Days Sales Outstanding Trend	<i>Trade Receivables / Revenue x 365 — trend over 3 years</i>	Consistently rising DSO suggests: credit quality deterioration; revenue recognition ahead of cash collection; ECL underprovisioning. Auditors benchmark DSO against sector norms and prior year.

### Indicator Set 2 — Disclosure Quality Indicators

Disclosure quality measures the completeness, clarity, and usefulness of the information provided in the notes to the financial statements. High-quality disclosure is informative; low-quality disclosure is boilerplate:

Disclosure Quality Indicator	Signs of High-Quality Disclosure	Signs of Low-Quality Disclosure
Accounting Policy Notes	Policies are specific to the organisation's actual transactions; judgements made in applying policies are explained; changes from prior year are clearly identified	Copy-paste from template; policies reference standards not applicable to the entity; no discussion of judgements; unchanged from prior year despite business changes
Significant Estimates Disclosure	Each material estimate is quantified; sensitivity analysis is provided; the impact of a range of possible	Generic statement that 'management makes estimates and assumptions'; no quantification; no

Disclosure Quality Indicator	Signs of High-Quality Disclosure	Signs of Low-Quality Disclosure
	outcomes is discussed	sensitivity; no discussion of uncertainty
<b>Related Party Disclosures</b>	All related parties identified; each transaction disclosed with amount, terms, and outstanding balance; KMP compensation disclosed by component	Only some related parties disclosed; amounts described as 'on normal commercial terms' without quantification; KMP compensation omitted
<b>Segment Information (IFRS 8)</b>	Segments identified consistent with internal management reporting; revenue, profit, assets, and liabilities disclosed by segment; reconciliation to total financial statements provided	No segment reporting (where IFRS 8 applies); segments defined in a way that obscures performance; reconciliation items are a material portion of segment totals
<b>Going Concern Disclosure</b>	Where material uncertainty exists: clear, prominent disclosure of the uncertainty, the events giving rise to it, and the mitigating actions; auditors' report references the uncertainty	Standard going concern paragraph unchanged; no disclosure of covenant breaches or liquidity concerns; material uncertainty not highlighted when it exists

**OUTLIERS ADVISORY INSIGHT | FINANCIAL REPORTING HEALTH CHECK — THE OUTLIERS STANDARD**

The Financial Reporting Quality Indicators above are the same framework used by sophisticated analysts, institutional investors, and regulators to assess the quality of financial statements. A finance team that understands these indicators — and actively manages their presentation — produces financial statements that command a credibility premium.

Outliers Professionals Ltd applies this framework in our Financial Reporting Health Check service. We review your financial statements from the perspective of an informed analyst — identifying quality gaps, disclosure weaknesses, and presentation improvements before they are identified by auditors, regulators, or investors.

Our Health Check report provides a Financial Reporting Quality Score with specific, actionable improvements for the next reporting cycle.

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## TRANSFER PRICING — A CFO GUIDE FOR NIGERIAN ORGANISATIONS

Transfer pricing (TP) governs the pricing of transactions between related parties within a group — covering goods, services, loans, royalties, and the use of intellectual property. For Nigerian organisations with related party transactions, TP is simultaneously a tax compliance obligation, a financial reporting disclosure requirement, and a significant audit risk. The Nigeria Revenue Service (NRS) has significantly expanded its transfer pricing enforcement capacity, and TP audits are increasing across sectors.

### The Arm's Length Principle

The arm's length principle requires that transactions between related parties are priced as if they were conducted between unrelated parties in comparable circumstances. Under the Nigeria Transfer Pricing Regulations (as updated), Nigerian entities must:

- Document that all related party transactions are priced on arm's length terms
- Prepare contemporaneous transfer pricing documentation — the documentation must exist at the time of filing, not retrospectively
- File an annual TP Return with the NRS for each year in which related party transactions occur
- Maintain the Master File, Local File, and Country-by-Country Report (CbCR) where applicable thresholds are met

### TP Methods — Selecting the Right Approach

Method	When to Apply	Nigerian Application
<b>Comparable Uncontrolled Price (CUP)</b>	Where identical or closely comparable uncontrolled transactions exist — the most direct method	Best applied to commodity transactions, intercompany loans (compare to market interest rates), or royalties with comparable market rates
<b>Cost Plus Method</b>	Where a related party manufacturer or service provider supplies goods/services to related parties — add a mark-up to the cost base	Common for manufacturing groups where a Nigerian entity manufactures for the group; mark-up benchmarked against comparable independent manufacturers
<b>Resale Price Method</b>	Where a related party distributor purchases from a related supplier and resells to third parties — work back from the resale price	Applied to Nigerian distribution entities purchasing inventory from related overseas suppliers; gross margin benchmarked against independent distributors
<b>Transactional Net Margin Method (TNMM)</b>	The most widely used method globally — compares the net profit margin of the tested party to comparable independent companies	Preferred by NRS and most commonly used in Nigerian TP documentation; the tested party is typically the least complex entity in the transaction
<b>Profit Split Method</b>	Where transactions are highly integrated and it is not possible to evaluate one side in isolation — splits the combined profit based on contribution	Applied to highly integrated global value chains where each entity contributes significant, unique intangibles; complex to document

### TP Audit Risk — What the NRS Focuses On

- **Intercompany loan interest rates:** Where a Nigerian subsidiary borrows from an overseas parent, the interest rate must be arm's length. The NRS challenges: (a) loans that are interest-free or below market rate (treating the benefit as a constructive dividend); (b) excessive interest that erodes the Nigerian tax base
- **Management fees and service charges:** Charges from overseas parent for management, administrative, or technical services must be for services that are genuinely rendered, necessary

to the Nigerian business, and priced at arm's length. The NRS increasingly requires evidence that services were actually received and that the charge is consistent with the benefit derived

- Royalties and licence fees: Payments for the use of intellectual property (brands, patents, software) must be benchmarked against comparable licence agreements. Excessive royalties are a primary base erosion concern
- Intra-group commodity transactions: For commodity-trading and extractive sector entities, the NRS requires the CUP method using publicly available commodity prices as a reference point

## TP and Financial Reporting — IAS 24 Intersection

Transfer pricing intersects with financial reporting at IAS 24 (Related Party Disclosures). All intercompany transactions that are disclosed as related party transactions in the financial statements must be consistent with the TP documentation. Inconsistencies between the IAS 24 note and the TP return are an immediate NRS audit trigger:

- The value of each category of related party transaction in the IAS 24 note should reconcile to the TP Local File
- The pricing basis described in the IAS 24 note (e.g., 'at arm's length on commercial terms') must be supported by the TP documentation — not merely asserted
- Related party loan balances, interest rates, and terms in the IAS 24 note must be consistent with the loan agreements and the TP benchmarking

*CFO practical note: The NRS has access to your CIT return, your VAT returns, your TP Return, and your annual financial statements. Cross-referencing these four sources is a standard NRS audit technique. Inconsistencies between them — particularly around related party transaction values — are a primary audit trigger.*

### OUTLIERS ADVISORY INSIGHT | TRANSFER PRICING ADVISORY

Outliers Professionals Ltd provides transfer pricing advisory for Nigerian organisations: TP policy design, contemporaneous Local File preparation, benchmarking analysis, NRS TP Return filing, and NRS TP audit defence.

Our transfer pricing service is integrated with our tax advisory and financial reporting services — ensuring consistency between your CIT computation, TP documentation, and IAS 24 financial statement disclosures.

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## FINANCIAL REPORTING IN A DISTRESSED ENVIRONMENT

The Nigerian macroeconomic environment — characterised by currency volatility, inflation, interest rate movements, and cyclical sector pressures — creates specific financial reporting challenges that do not arise in stable economic conditions. CFOs operating in a distressed or high-stress environment must navigate these challenges while maintaining IFRS compliance and creditor/investor confidence.

### Hyperinflation Accounting — IAS 29

IAS 29 applies when the cumulative inflation rate over three years approaches or exceeds 100%. While Nigeria's three-year cumulative inflation has at times approached this threshold, the IFRS Interpretations Committee has not formally designated Nigeria as hyperinflationary as at this publication date. However, CFOs of Nigerian entities with overseas parents reporting in stable currencies must be alert to:

- Parent company assessment: Some multinational parents have assessed Nigeria as approaching hyperinflationary conditions and have applied IAS 29 to Nigerian subsidiary results for group reporting purposes — adjusting prior period results for the purchasing power of the Nigerian Naira
- IAS 21 translation: Even without IAS 29 application, the translation of Nigerian Naira results into a stable foreign currency (USD, GBP, EUR) at weak spot rates creates significant translation losses in consolidated OCI — which boards and investors need to understand and contextualise
- Debt covenants: Covenant calculations based on financial ratios may be affected by currency movements — particularly where covenants are assessed in a foreign currency but assets or earnings are in NGN

### Going Concern in a High-Inflation Environment

High inflation creates specific going concern risks that require explicit consideration in the going concern assessment:

Risk Factor	Financial Reporting Impact	CFO Management Action
Naira depreciation reducing import purchasing power	Inventory costs rising faster than revenue as FX costs embedded in COGS; gross margin compression	Pricing model review; foreign currency hedging where available; supplier renegotiation; scenario modelling in going concern assessment
Rising interest rates on NGN borrowings	Finance costs increasing; interest coverage ratio deteriorating; covenant pressure on DSCR	Refinancing strategy; fixed vs floating rate mix review; banking relationship management; early covenant discussion
Inflation eroding real wages while nominal payroll rises	Payroll costs rising; staff retention pressures; talent replacement costs	Compensation benchmarking; productivity analysis; headcount modelling in the financial forecast
Customer purchasing power declining (B2C entities)	Revenue volume decline even where price is maintained; ECL provisions rising as customers default	Revenue quality analysis; customer credit limit review; ECL methodology update for macroeconomic forward-looking factors
Working capital cycle lengthening as customers delay payment	DSO increasing; cash conversion cycle extending; increased facility drawdown required	Debtor management programme; payment terms tightening; invoice discounting or factoring consideration

### Impairment in a Distressed Environment (IAS 36)

Economic distress typically creates multiple simultaneous impairment indicators. The CFO must ensure that impairment testing is rigorous, not perfunctory:

- **Discount rate:** In a high-inflation, high-interest-rate environment, the pre-tax discount rate rises. A WACC of 14–18% is not unusual for Nigerian entities in 2025–2026. Using a pre-reform rate of 10–12% on a 2025 impairment test understates the discount factor and overstates Value in Use
- **Revenue growth assumptions:** In a period of naira depreciation and inflation, nominal revenue growth rates may appear high while real growth is negative. Auditors will challenge projections that embed high nominal growth without explaining its decomposition into price vs volume
- **Terminal growth rate:** The terminal growth rate in a VIU calculation must not exceed the long-term sustainable growth rate of the economy in which the CGU operates. In a distressed environment, a conservative terminal growth rate is more defensible
- **FVLCD as an alternative:** Where VIU is difficult to determine reliably, Fair Value Less Costs of Disposal (using a market-based approach or an independent valuation) may produce a more defensible recoverable amount

## Provisions and Contingencies in a Distressed Environment (IAS 37)

Distress conditions create provisions that do not arise in stable environments:

- **Onerous contracts:** Where fixed costs of fulfilling a contract exceed the expected economic benefits — common where input costs have risen sharply due to inflation or FX — a provision for the onerous element must be recognised immediately under IAS 37
- **Restructuring provisions:** Where the entity announces a formal restructuring (workforce reduction, site closure) with a detailed formal plan, a restructuring provision must be recognised. The provision must not include costs associated with ongoing operations (retraining, relocation of continuing staff)
- **Legal claims in distress:** Creditors, employees, and counterparties are more likely to pursue legal remedies in a distressed environment. The provision assessment must reflect the realistic probability distribution of outcomes — not management's preferred outcome

### MANAGEMENT INSIGHT | COMMUNICATING FINANCIAL PERFORMANCE IN A DISTRESSED ENVIRONMENT

**What it means for management:** When the macroeconomic environment is deteriorating, boards and investors need more context, not less disclosure. The financial statements must tell the complete story — not a curated version.

**Why it matters:** A board that approves financial statements in a distressed environment without understanding the going concern risks, the covenant position, and the impairment assumptions is not fulfilling its CAMA 2020 governance obligations.

**Strategic implication:** The CFO's role in a distressed environment is to be a clear-eyed communicator of financial reality — not a buffer between the board and bad news. Boards that receive optimistic forecasts during periods of genuine stress make worse strategic decisions than those who receive honest assessments.

**Recommended action:** In any period where macroeconomic conditions create material uncertainty, present the board with a base case, a stress case, and a severe stress case — showing the cash and liquidity implications of each. The board should explicitly approve the scenario set, not just the base case numbers.

## THE CFO AS FRAUD RISK MANAGER

Financial reporting fraud — intentional misstatement of financial statements to deceive users — is a governance risk that every CFO must actively manage. The CFO is simultaneously a fraud risk owner (responsible for preventing and detecting fraud), a fraud risk governance partner (reporting fraud risk to the audit committee), and a potential fraud risk subject (where management override of controls is the mechanism). Understanding this tripartite role is essential to discharging the CFO's governance obligations under CAMA 2020.

### The Fraud Triangle — Applied to Financial Reporting

Element	What It Means	CFO and Audit Committee Response
<b>Pressure / Incentive</b>	The motivation to commit fraud — often financial: meeting earnings targets, covenant compliance, bonus thresholds, share price maintenance, or avoiding consequences of underperformance	The audit committee must be alert to extreme pressure on management to meet targets. Overly aggressive earnings targets with significant bonus implications are a fraud risk indicator. Boards should challenge whether financial targets create perverse incentives.
<b>Opportunity</b>	The ability to commit fraud — often weak internal controls, poor segregation of duties, override of controls by management, or inadequate audit committee oversight	Strong internal controls, effective segregation of duties, journal entry review, dual authorisation for payments, and an effective internal audit function all reduce opportunity. The audit committee's independent engagement with external auditors is a critical oversight control.
<b>Rationalisation</b>	The perpetrator's ability to justify the fraud to themselves — 'just this once', 'everyone does it', 'I'll put it right next quarter', 'the company owes me'	A strong ethical culture — demonstrated from the board down through tone at the top — reduces rationalisation. Publicised consequences for financial reporting dishonesty, even minor instances, have a strong deterrent effect.

### Financial Statement Fraud Red Flags

The following are the most significant warning signs that financial reporting fraud may be present — to be assessed by the audit committee and external auditors:

Red Flag	What It May Indicate	Investigation Required
<b>Revenue growing significantly faster than cash from customers</b>	Revenue recognition manipulation — recognising revenue before it is earned; pulling forward future period revenue; fictitious sales	Detailed cut-off testing; reconciliation of revenue to cash received; confirmation of large period-end transactions; review of credit notes issued post year-end
<b>Unusual or unexplained improvements in gross margin near year-end</b>	Inventory overstatement; cost capitalisation that should be expensed; accrual manipulation to defer cost recognition	Detailed inventory count and valuation; review of all year-end cost reclassifications; analytical review of gross margin trend versus comparable entities
<b>Journal entries posted by senior management directly, without supporting documentation</b>	Management override of controls — the most dangerous mechanism for financial statement fraud	Review of all management-posted entries; require supporting documentation for all entries regardless of seniority; independent review by audit committee
<b>Related party transactions that lack economic substance or commercial rationale</b>	Tunnelling — diversion of company resources to related parties; round-tripping of cash; artificial revenue from related parties	Independent review of all related party transactions; confirm economic substance; require board approval with interested directors recused

Red Flag	What It May Indicate	Investigation Required
<b>Significant unexplained cash flows or bank account activity</b>	Misappropriation of assets; side payments; fictitious transactions	Bank statement review; confirmation of all significant transactions; surprise cash counts

## The Whistleblower Framework — A CFO Responsibility

An effective whistleblower mechanism is one of the most powerful fraud detection tools available — statistically, more frauds are detected by tip-offs than by audit procedures. The CFO, working with the board, should ensure:

- A confidential whistleblower hotline or reporting mechanism exists and is communicated to all employees — the mechanism must allow anonymous reporting
- All reports received are investigated promptly and objectively — not by the individual or team being reported
- Reports involving senior management or financial reporting are escalated directly to the audit committee — not through the CFO or CEO
- Retaliation against whistleblowers is explicitly prohibited and actively enforced — employees who fear retaliation do not report
- The audit committee receives a report of all whistleblower activity at each meeting — including the number of reports, categories, and investigation outcomes

*Audit committee principle: When assessing whistleblower reports, the audit committee should consider not just the specific allegation but what it reveals about the control environment. A series of minor reports on expense manipulation may indicate a broader culture of dishonesty that extends to financial reporting.*

## CONSOLIDATED FINANCIAL STATEMENTS — PRACTICAL CLOSE GUIDE

For groups with multiple subsidiaries, associates, or joint ventures, the consolidation process adds a layer of complexity to the year-end close that requires specific planning, resourcing, and quality controls. This section provides a practical guide to managing the consolidation close process effectively.

### The Consolidation Close Timetable

Milestone	Actions and Requirements
T-60	Circulate group reporting package instructions to all subsidiaries: chart of accounts mapping, intercompany account codes, reporting currency, close date, formats, and submission deadline. Confirm that all subsidiary finance teams understand their reporting obligations.
T-45	Receive trial balances from all subsidiaries. Perform initial review for completeness and obvious errors. Identify any subsidiary-specific IFRS issues requiring resolution before consolidation. Begin intercompany confirmation process.
T-30	All intercompany balances confirmed and differences resolved. Complete elimination schedule prepared. Subsidiary financial statements reviewed against group accounting policies — document and resolve any policy differences. Begin consolidation worksheets.
T-14	First draft consolidated financial statements prepared. Review consolidated P&L, balance sheet, and cash flow for reasonableness. Perform analytical review at consolidated level — confirm key ratios and trends are consistent with expectations.
T-7	Consolidated financial statements reviewed by Group CFO. All significant accounting judgements at group level documented. Goodwill impairment test updated. Minority interests calculated and checked. Final trial balance agreed.
T-0	Final consolidated financial statements signed off by Group CFO and delivered to external auditors with complete PBC file. All elimination schedules, subsidiary reporting packs, and intercompany confirmation matrices available for auditor review.

### Intercompany Elimination — Common Errors

Elimination Type	Common Error	Consequence if Uncorrected
Intercompany sales and purchases	Intercompany sales eliminated from revenue but the corresponding purchase not eliminated from COGS — or vice versa	Overstated revenue and/or overstated cost base; distorted gross margin; material misstatement of consolidated P&L
Unrealised profit in inventory	Where a subsidiary sells goods to another group company at a profit, and those goods remain in the buying entity's closing inventory — the unrealised profit is not eliminated	Overstated consolidated inventory; overstated consolidated profit; the profit is only realised when the goods are sold to a third party
Intercompany loans and interest	Intercompany loan balance eliminated but the interest income/expense on the loan not eliminated from P&L	Consolidated finance costs or finance income overstated; effective interest rate distorted in consolidated accounts
Intercompany dividends	Dividend paid by subsidiary to parent eliminated from parent's P&L investment income, but the subsidiary's retained earnings are not adjusted for the dividend paid	Double-counting of group retained earnings; incorrect NCI calculation where a minority holds shares in the dividend-paying subsidiary
Investment in subsidiary vs equity	Investment in subsidiary on parent balance sheet not fully eliminated against the subsidiary's equity at acquisition — goodwill or negative	Incorrect goodwill; misstated NCI; incorrect opening equity — often carried forward uncorrected for multiple years

Elimination Type	Common Error	Consequence if Uncorrected
	goodwill incorrectly computed	

## Non-Controlling Interests (NCI) — Calculation Framework

NCI represents the equity in a subsidiary not attributable to the parent. The NCI calculation is a frequent source of consolidation error:

- NCI at acquisition: Measured at either (a) fair value of the NCI's share of the acquired entity, or (b) the NCI's proportionate share of the acquiree's identifiable net assets — the choice is an accounting policy election per IFRS 3, applied on a transaction-by-transaction basis
- NCI movement in the year: NCI's share of subsidiary's profit or loss + NCI's share of OCI + any dividends paid to NCI holders + any acquisition/disposal of NCI
- Loss allocation: Losses are allocated to NCI even if the NCI's share is negative — unlike the old IAS 27 treatment. An NCI with a negative balance represents the NCI's obligation to fund further losses
- Disclosure: The NCI balance sheet, P&L, and cash flow attributable to NCI must be disclosed; summarised financial information for each material non-wholly-owned subsidiary must be included in the notes per IFRS 12

## CFO PREPARATION GUIDE — THE ACCOUNTS APPROVAL BOARD MEETING

The board accounts approval meeting is the highest-stakes financial communication event in the CFO's calendar. The quality of the CFO's preparation for this meeting determines whether the board approves confidently with understanding, or conditionally with reservations. This section provides a structured preparation framework for the CFO in the days before the accounts approval meeting.

### The 14-Day Preparation Countdown

Day	CFO Preparation Action
T-14	Receive final audited financial statements from external auditors. Review the complete financial statements as a first-time reader — not as their preparer. Identify any area that a director without accounting expertise would find confusing. These are the areas where you need stronger explanatory narrative.
T-12	Read the external auditors' full report — including the key audit matters section. Prepare a clear, non-technical explanation of each key audit matter. Directors will ask about anything in the auditors' report that they do not understand.
T-10	Prepare the CFO board paper. Follow the structure in Section 7 (Board Reporting Pack): Executive Summary, Profitability Analysis, Balance Sheet, Cash Flow, KPIs, Risks, Forecast, Required Decisions. The paper should be written for the director who has not reviewed the management accounts during the year.
T-8	Review the 25 audit committee challenge questions in this toolkit. For each question, prepare a written answer with supporting evidence. Any question you cannot answer confidently identifies a gap that must be closed before the meeting.
T-6	Review all related party transactions with the company secretary. Confirm all IAS 24 disclosures are complete. Confirm the register of directors' interests is current. Any director whose interest has changed in the year must have disclosed this before the meeting.
T-5	Prepare a going concern summary for the board — even if there is no material uncertainty. Directors must affirmatively consider going concern. Present: cash position, facilities available, covenant headroom, 12-month forecast, stress scenarios, and conclusion.
T-3	Conduct a dress rehearsal of the presentation with the Finance Director and Company Secretary. Challenge each other with the hard questions. Identify any answer that is vague, evasive, or technically over-complex. Prepare simpler, more direct responses.
T-2	Brief the audit committee chair separately — before the full board meeting. The chair should understand all key issues before the meeting, not discover them at the table. If there are sensitive matters (provision disputes, going concern judgements, management letter findings), the chair should be aware and briefed.
T-1	Ensure all board papers are circulated — ideally 5 business days before the meeting, not T-1. Confirm the external audit partner will attend the meeting. Confirm that the management representation letter is prepared and ready for signature.
Day 0	Arrive early. Confirm audiovisual equipment works. Have physical copies of the financial statements available. Be prepared to answer any question on any page of the accounts. The CFO who has to say 'I will come back to you on that' on a question about their own financial statements has not prepared adequately.

### The Management Representation Letter — Understanding What You Are Signing

The management representation letter (MRL) is a formal written confirmation from management to the external auditors confirming specific representations made during the audit. For the CFO and CEO who sign it, understanding exactly what they are confirming is a governance obligation — not a formality:

Representation Category	What Management Confirms — And Why It Matters
Financial Statements	That the financial statements are prepared in accordance with the applicable reporting framework (IFRS) and give a true and fair view. This is not a legal opinion — it is management's affirmation that they have reviewed the statements and are satisfied with their accuracy and completeness.
Completeness of Information	That all transactions, events, and conditions have been disclosed to the auditors. Signing this representation after withholding material information from auditors exposes signatories to serious professional and legal consequences.
Internal Controls	That management has evaluated internal control over financial reporting and has disclosed to the auditors all significant deficiencies and material weaknesses. A CFO who signs this representation without having conducted a genuine ICFR assessment is making a potentially false statement.
Related Parties	That all related party transactions have been disclosed to the auditors and are accurately reflected in the financial statements. This representation makes the IAS 24 disclosure compliance a personal assertion of management.
Fraud and Non-Compliance	That management has disclosed to the auditors all known instances of fraud or suspected fraud, and all known instances of non-compliance with laws and regulations that could have a material effect on the financial statements. This representation requires management to have conducted a genuine fraud risk assessment.
Subsequent Events	That all events occurring after the reporting date that may require adjustment to or disclosure in the financial statements have been considered and disclosed. The subsequent events review must have actually been conducted — not assumed.

*Critical governance note: The management representation letter is signed by the CEO and CFO in most cases. Both signatories should have personally reviewed the financial statements and satisfied themselves — through the governance processes documented in this toolkit — that each representation is accurate. A signature obtained as a formality, without genuine review, does not protect the signatory and does not fulfil the governance obligation.*

## COMMON IFRS JUDGEMENT AREAS — NIGERIAN CONTEXT

Certain IFRS requirements demand significant professional judgement, and the conclusions reached — and how they are documented — directly affect financial statement quality and audit outcomes. The following areas represent the most commonly debated and most frequently misjudged IFRS requirements in the Nigerian context.

### Judgement 1 — Functional Currency Determination (IAS 21)

Many Nigerian companies are influenced by foreign currencies — importing goods priced in USD, earning revenues in both NGN and USD, or holding USD-denominated debt. The functional currency is the currency of the primary economic environment — determined by the facts, not by management preference:

Indicator	Suggests NGN Functional Currency	Suggests USD (or other) Functional Currency
<b>Primary revenue currency</b>	Revenue primarily denominated and settled in NGN	Revenue primarily denominated, settled, or indexed in USD
<b>Cost of goods sold currency</b>	Input costs (materials, labour) primarily in NGN	Primary inputs priced in USD — e.g., imported raw materials, oil-priced commodities
<b>Pricing mechanism</b>	Prices set in NGN, responding to local market conditions	Prices set in USD (or USD-equivalent) regardless of NGN movements
<b>Financing currency</b>	Bank facilities and investor funding in NGN	Financing primarily in USD — Eurobonds, DFI facilities, international equity
<b>Entity independence from parent</b>	Operations and decisions made independently by Nigerian management	Subsidiary's activities are an extension of parent's operations; transfer pricing governs intercompany transactions

Where the functional currency is determined to be USD (or another foreign currency), the financial statements are prepared in that functional currency. All NGN transactions are translated at the transaction-date rate. The presentation currency may still be NGN if required by local law — in which case IAS 21's group translation method applies.

### Judgement 2 — Control Assessment (IFRS 10)

An entity controls another when it has: power over the investee; exposure to variable returns from its involvement; and the ability to use its power to affect those returns. In Nigeria, complex ownership structures create genuine control assessment challenges:

- **Substantive vs protective rights:** A 40% shareholder with veto rights over key operational decisions may have substantive power and therefore control — despite not holding a majority of voting rights. The assessment must distinguish substantive rights (which affect control) from protective rights (which protect the investor's interests but do not confer power)
- **De facto control:** An entity with less than 50% of voting rights may still have de facto control where other shareholders are widely dispersed and historically have not organised to exercise their voting rights collectively
- **Structured entities:** Special purpose vehicles, trust structures, and securitisation vehicles used in Nigerian financial services transactions must be assessed for consolidation under IFRS 10's structured entity guidance — regardless of the ownership percentage held

### Judgement 3 — Revenue Recognition Timing (IFRS 15)

The most frequent revenue recognition judgement in Nigerian organisations is whether control transfers at a point in time or over time. The following provides practical guidance for common Nigerian transaction types:

Transaction Type	IFRS 15 Analysis	Typical Treatment
<b>Construction contracts</b>	Customer typically controls the asset as it is created (asset has no alternative use to the entity; right to payment for work done exists). Over-time criterion usually met.	Percentage of completion — typically using input method (costs incurred to total estimated costs). Revenue recognised progressively as work proceeds.
<b>Property development (off-plan sales)</b>	Must assess whether: (a) the property has no alternative use (developer cannot redirect to another buyer); AND (b) the developer has an enforceable right to payment for work completed to date. Both criteria must be met for over-time recognition.	Where both criteria met: over-time recognition using POC. Where not met: point-in-time recognition on legal transfer of title/occupation. This is a highly judgement-dependent assessment in Nigeria.
<b>Software and technology subscriptions (SaaS)</b>	Customer simultaneously receives and consumes the benefit — classic over-time criterion met for subscription-based access. Implementation services may be a separate performance obligation.	Subscription revenue: straight-line over the subscription period. Implementation: milestone-based or percentage of completion depending on customer control of work in progress.
<b>Professional services (advisory, legal, accounting)</b>	Depends on contract terms: fixed-price engagements where customer controls work in progress (difficult to reassign to another customer) — over time. Time-and-materials engagements — as services rendered (typically right to invoice at contractual rate).	
<b>Goods sold ex-warehouse with standard delivery terms</b>	Control typically transfers at delivery to customer — classic point-in-time recognition. Key question: when does the customer obtain the significant risks and rewards of ownership (which is a proxy for control)?	Point-in-time: at delivery. Revenue recognised when goods are delivered and accepted by the customer — not on despatch.

### Judgement 4 — Incremental Borrowing Rate for IFRS 16

The incremental borrowing rate (IBR) is the rate of interest the lessee would have to pay to borrow over a similar term, with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In practice, determining the IBR requires professional judgement and documentation:

- Starting point: The entity's own borrowing rate for a similar term and security is the most direct comparable. If the entity has existing NGN bank facilities, those rates provide a reference. If the entity has no direct comparable, build from a risk-free rate
- Adjustments required: Adjust the base rate for: (a) the specific term of the lease (longer terms typically carry higher rates); (b) the nature of the underlying asset (property leases may carry lower rates than equipment leases); (c) the credit quality of the lessee entity
- Documentation: The IBR determination and the underlying evidence must be documented before the lease is measured. The IBR documentation is consistently one of the first items requested by auditors during IFRS 16 testing
- In a rising interest rate environment: Leases entered in a high-rate environment will carry higher IBRs — increasing lease liabilities relative to earlier periods. The IBR is not reassessed unless the lease is modified. Different leases will have different IBRs reflecting the rate environment at their commencement date

### MANAGEMENT INSIGHT | DOCUMENTING IFRS JUDGEMENTS — THE CFO'S OBLIGATION

**What it means for management:** Every significant IFRS judgement — functional currency, control assessment, revenue recognition timing, IBR — must be documented in a written technical memo that explains the judgement, the analysis performed, and the conclusion reached. The documentation must exist at the time the financial statements are approved, not after the audit has identified the issue.

**Why it matters:** Undocumented judgements are almost always challenged more aggressively by auditors than well-documented ones. An auditor who finds no documentation for a significant judgement has no basis to accept management's conclusion — they must either document it themselves (extending audit time) or require management to produce the documentation under audit pressure.

**Recommended action:** Build a Technical Accounting Memos section into your PBC file. For each significant judgement, require a written memo before the audit commences. The investment in documentation is always less than the cost of audit time spent on undocumented positions.

## QUICK REFERENCE — KEY IFRS NUMERICAL THRESHOLDS AND RULES

The following quick reference consolidates the most frequently applied numerical thresholds, rules, and practical guidelines across the major IFRS standards. This is designed as a desk reference for finance teams during the close and audit process.

Standard	Threshold / Rule	Practical Application	Common Error
IFRS 9	<b>Significant Increase in Credit Risk: Days past due &gt; 30 days is a rebuttable presumption of SICR (Stage 2 trigger)</b>	Apply Stage 2 (lifetime ECL) to all receivables > 30 days past due unless there is evidence that the increase in credit risk is not significant	Using days-past-due as the only SICR indicator; failing to use forward-looking factors to identify SICR before 30 days
IFRS 9	<b>Practical expedient: trade receivables without significant financing component — simplified approach permitted</b>	Use provision matrix (ageing-based ECL rates) for trade receivables with terms ≤ 12 months; no staging required	Applying general approach (3-stage) to trade receivables when simplified approach is both permitted and more practical
IFRS 16	<b>Short-term lease exemption: lease term ≤ 12 months at commencement (including renewal options)</b>	All leases with original term ≤ 12 months may be expensed straight-line; no ROU asset or lease liability required. Elected by class of underlying asset.	Classifying leases as short-term based on the remaining term at assessment date, not the original term at commencement
IFRS 16	<b>Low-value asset exemption: underlying asset value when new ≤ approximately USD 5,000</b>	Lease of assets such as laptops, small office equipment, mobile phones may be expensed. Not portfolio approach — assessed per individual asset.	Applying low-value exemption to groups of low-value assets in aggregate rather than assessing individual asset value
IAS 36	<b>Annual impairment test required (regardless of indicators): Goodwill; indefinite-life intangibles; intangibles not yet available for use</b>	Goodwill must be tested every year — not just when indicators of impairment are present. Timing: test at the same time each year, consistently.	Only testing goodwill when business performance deteriorates; not testing annually as required; changing the test date without justification
IAS 37	<b>Probability threshold for provision: 'probable' = more likely than not (&gt;50%)</b>	Provision recognised when outflow probability exceeds 50%. Contingent liability disclosed when probability is possible (between remote and probable). Nothing where remote.	Treating 'probable' as near-certain (>80–90%); failing to recognise provisions where probability is 55–65% on the basis that it is 'not certain'
IAS 23	<b>Capitalisation rate: weighted average of all general borrowings outstanding during the period</b>	Where specific borrowing is insufficient, calculate a weighted average of all general borrowings and apply to qualifying expenditure net of specific borrowings	Using the most recent facility rate rather than the weighted average; including equity in the capitalisation rate calculation
IAS 24	<b>Key management personnel: persons with authority and responsibility for planning, directing, and controlling the entity</b>	KMP typically includes executive directors, non-executive directors, and the top level of senior management reporting to the board. All KMP compensation must be disclosed by category.	Defining KMP too narrowly (board only); omitting compensation components (bonuses, pensions, share-based payments, other long-term benefits)

Standard	Threshold / Rule	Practical Application	Common Error
IAS 8	<b>Materiality threshold for prior period error restatement: material omission or misstatement</b>	An error is material if it, individually or in combination with others, could reasonably be expected to influence the economic decisions of users. No prescribed percentage — requires professional judgement.	Applying a rigid percentage threshold (e.g., always 5% of PBT) without considering qualitative materiality factors
IFRS 15	<b>Variable consideration: recognise only to the extent highly probable no significant reversal will occur</b>	Volume discounts, rebates, performance bonuses, price concessions — include only the amount where it is highly probable the cumulative revenue will not reverse significantly	Including optimistic variable consideration in revenue without applying the constraint; not updating estimates quarterly as facts change
IAS 12	<b>Recognition of deferred tax asset: only when probable that sufficient future taxable profit will be available</b>	DTA can be recognised if 5-year taxable profit projections (board-approved) show sufficient profit to absorb the deductible temporary difference. Projections must be reasonable.	Recognising DTA based on budgets that management knows are optimistic; not discounting DTA where carry-forward period is limited
IAS 2	<b>Lower of cost and net realisable value: NRV = estimated selling price less estimated costs of completion and selling</b>	Write down to NRV where selling price has declined, costs of completion have increased, or goods are slow-moving or damaged. Write-down recognised in P&L immediately.	Using cost as the default without testing NRV at year-end; writing down an entire product category rather than item by item

## IAS 37 WORKED EXAMPLE — WARRANTY PROVISION

This example complements the litigation provision example in the Advanced IFRS Worked Examples section and addresses the second most common IAS 37 provision type in Nigerian manufacturing and technology organisations.

### Scenario

ProTech Electronics Ltd manufactures consumer electronics and provides a 24-month warranty on all products. For the year ended 31 December 2025, the company sold NGN 1,200,000,000 of products. Historical data shows the following:

Defect Category	Historical Frequency	Average Repair Cost per Unit
Minor defects — cosmetic/software	8% of units sold	NGN 15,000
Major defects — hardware replacement	2% of units sold	NGN 85,000
Average selling price per unit	NGN 120,000	10,000 units sold in 2025

### Warranty Provision Calculation

Category	Units (10,000)	Frequency	Expected Units	Provision (NGN)
Minor defects	10,000	8%	800 units	12,000,000
Major defects	10,000	2%	200 units	17,000,000
<b>TOTAL WARRANTY PROVISION</b>				<b>29,000,000</b>

Calculation: Minor: 800 units × NGN 15,000 = NGN 12,000,000 | Major: 200 units × NGN 85,000 = NGN 17,000,000 | Total: NGN 29,000,000

### Journal Entry

Account	Debit (NGN)	Credit (NGN)
Warranty Expense (P&L — Cost of Sales)	29,000,000	—
Warranty Provision (Balance Sheet — Current Liability)	—	29,000,000
<i>Being: warranty provision on 2025 sales based on historical defect rates per IAS 37.14(a)</i>		

### Disclosure Note Extract

#### Note XX — Provisions

The Group provides for estimated warranty obligations on its electronic products at the point of sale. The provision is based on historical defect rates, categorised by defect severity, applied to the volume of products sold in the period. The provision is recognised in cost of sales.

Opening warranty provision: NGN Nil (first year of operation under this policy)

Charge for the year: NGN 29,000,000 | Utilised during the year: NGN Nil | Closing warranty provision: NGN 29,000,000

*The provision represents management's best estimate of the cost of fulfilling warranty obligations outstanding at 31 December 2025. The actual cost may differ from this estimate depending on the volume and nature of claims received in future periods.*

## Audit Challenges and Management Responses

Typical Audit Challenge	Management Response / Evidence Required
<p>Are the historical defect rates based on sufficient data? One year of data may not be representative.</p>	<p>Provide 3–5 years of defect rate data by category. If the first year, benchmark against industry averages and competitor warranty cost ratios.</p>
<p>Should the provision be discounted to present value given the 24-month warranty period?</p>	<p>IAS 37.45 requires discounting where the time value of money is material. For a 24-month provision, discounting may be required. Apply the pre-tax risk-free rate as the discount rate.</p>
<p>Have claims made after year-end been checked against the provision to assess adequacy?</p>	<p>Provide a schedule of warranty claims received between year-end and the audit date. Compare to the provision. Explain any material differences — adjust if the provision is demonstrably inadequate.</p>

## TOP 100 AUDIT QUERIES — CFO RESPONSE GUIDE

The following 100 audit queries represent the most commonly raised questions during Nigerian statutory audits, organised by financial statement area. For each query: the auditor's objective, the evidence that must be produced, the management response, and the best-practice standard are provided. This guide is designed for CFOs, Financial Controllers, and finance teams preparing for external audit.

*Preparation principle: Every query in this list is answerable with documentation that should already exist if the year-end close process has been followed correctly. If your team is spending audit time creating documentation rather than producing existing documentation, that is the single most important process gap to address.*

### Revenue — Audit Queries 1–15

#	Audit Query	Evidence Required	Management Response	Best Practice
1	<b>Confirm revenue cut-off — are revenues recognised in the correct period?</b>	Despatch notes / delivery confirmations for last 30 days' revenue; credit notes issued post year-end	Describe the cut-off procedure; provide sample of revenue entries with supporting evidence; quantify any known cut-off errors	Formal cut-off memo issued to all business units 2 weeks before year-end; finance team reviews all period-end revenue postings
2	<b>How has IFRS 15 performance obligations been identified for material revenue streams?</b>	Written IFRS 15 analysis for each material revenue stream; contract review working papers; transaction price allocation schedule	Present the IFRS 15 analysis by revenue stream; demonstrate how performance obligations, transaction price, and recognition timing have been determined	Documented IFRS 15 policy applied at contract inception for all new contract types; reviewed annually by Finance Director
3	<b>Confirm that variable consideration (bonuses, rebates, volume discounts) has been correctly constrained</b>	Rebate/discount agreements; historical claims data; variable consideration computation showing the constraint applied	Present the variable consideration methodology; demonstrate how the 'highly probable no reversal' constraint has been applied	Variable consideration policy documented; reviewed quarterly as actual results develop; consistent application across periods
4	<b>What evidence supports the recognition of revenue on long-term contracts in the period?</b>	Contract documentation; stage of completion calculation (input method: costs incurred / total estimated costs, or output method); progress certificates	Provide the stage of completion workings; evidence that costs-to-complete estimates are current and realistic; project manager sign-off	Stage of completion updated monthly for all material contracts; reviewed by Project Manager and Finance Director jointly
5	<b>How have contract modifications been accounted for?</b>	Contract variation orders; amended contract documentation; analysis of whether the modification creates a new contract or modifies the existing one under IFRS 15	Identify all material contract modifications in the period; present the IFRS 15 analysis of whether new contract or cumulative catch-up treatment applies	Contract modification log maintained by the commercial team; every variation reviewed by finance within 30 days of signature
6	<b>Confirm that bill-and-hold transactions meet the IFRS 15.B81 criteria</b>	Written evidence that: customer requested the arrangement; goods are separately identified as the customer's; goods are ready for transfer; the entity cannot use the goods for other purposes	For each bill-and-hold arrangement: produce the customer's written request; evidence of physical segregation; evidence of goods availability	Bill-and-hold policy requiring CFO approval for any revenue recognised before physical delivery; documented per transaction
7	<b>What evidence supports the principal</b>	Analysis of control over the goods/service before	Provide the principal/agent analysis for each	Principal/agent analysis documented

#	Audit Query	Evidence Required	Management Response	Best Practice
	<b>vs agent determination for transactions where the entity does not bear inventory risk?</b>	transfer; pricing authority; inventory risk; whether the entity is 'primarily responsible' per IFRS 15.B35	arrangement where the entity does not take legal title; demonstrate control indicators	at contract inception for all agent arrangements; reviewed annually
8	<b>Confirm that right-of-return arrangements have been correctly accounted for under IFRS 15.B23</b>	Historical returns data; refund liability computation; right of return policy; goods returned asset computation	Provide the expected returns computation using historical data; show the refund liability and asset recognised in the balance sheet	Returns policy documented; refund liability computed monthly based on rolling 12-month historical returns rate
9	<b>Are contract assets and contract liabilities correctly presented in the balance sheet?</b>	Contract asset/liability roll-forward schedule; reconciliation of opening and closing balances; explanation of significant movements	Present the complete contract asset and liability movement schedule; reconcile to revenue recognised in the period	Contract asset/liability report generated from the billing system monthly; reconciled to the GL quarterly
10	<b>How has the transaction price been allocated between performance obligations on bundled contracts?</b>	Stand-alone selling price analysis for each performance obligation; allocation schedule; evidence supporting stand-alone prices	Present the stand-alone price evidence (direct observable prices, adjusted market assessment, expected cost plus margin, residual approach if applicable) and the resulting allocation	Stand-alone price schedule maintained and updated annually; reviewed when new products or services are added
11	<b>Confirm that financing components in contracts exceeding 12 months are correctly recognised</b>	Analysis of contracts with payment terms that create a significant financing component (>12 months between delivery and payment); interest income/expense computation	Identify contracts where the payment timing creates a financing component; provide the interest rate used and the revenue/interest adjustment computed	Finance team screens all contracts > NGN 10m for significant financing component at inception
12	<b>What is the basis for the transaction price where significant judgement is required (e.g., variable consideration, highest and best use)?</b>	Pricing methodology documentation; sensitivity analysis; comparisons to similar transactions	Present the methodology, key assumptions, and sensitivity range. Confirm the CFO has reviewed and approved the methodology.	Material transaction price judgements documented in a technical accounting memo signed by the Finance Director
13	<b>Confirm that incremental costs of obtaining a contract are correctly capitalised or expensed</b>	Sales commission schedule; analysis of whether commissions are incremental and recoverable; amortisation schedule if capitalised	Provide the commission analysis; confirm the amortisation period aligns with the contract term (with renewals if renewal is expected)	Capitalised contract cost policy documented; reviewed when contract terms change; amortisation schedule maintained in the asset system
14	<b>Is revenue disaggregated correctly in the notes per IFRS 15.114?</b>	Disaggregation framework; link between disaggregated revenue and segment information; basis of disaggregation explained	Provide the disaggregation note showing revenue by type, geography, timing (point in time vs over time), and market/customer type as applicable	Revenue disaggregation format agreed with auditors at planning stage; consistent with IFRS 8 segment reporting
15	<b>Have subsequent events been reviewed for evidence of revenue recognised in</b>	Credit notes issued post year-end; customer complaints and returns received post year-end;	Provide a schedule of credit notes, returns, and cancellations received between year-end and the	Post-year-end credit note review is a mandatory close step; documented in the

#	Audit Query	Evidence Required	Management Response	Best Practice
	the current period that should be reversed?	contracts cancelled post year-end	audit date; confirm that material reversals have been reflected as adjusting events if they provide evidence of conditions at year-end	close checklist

## Receivables & ECL — Audit Queries 16–25

#	Audit Query	Evidence Required	Management Response	Best Practice
16	What methodology has been used to compute ECL under IFRS 9 and how have forward-looking factors been incorporated?	ECL model documentation; probability of default (PD) data by ageing bucket; loss given default (LGD) assumptions; forward-looking macroeconomic factor analysis	Present the complete ECL model: PD source data, LGD assumptions, EAD computation, forward-looking adjustment basis (e.g., Nigerian GDP growth, sector credit default rates, inflation outlook)	ECL model reviewed annually by an independent credit risk specialist or the Finance Director; forward-looking factors updated each quarter
17	Is the ECL provision adequate given the ageing profile of receivables at year-end?	Ageing analysis at year-end; provision matrix; historical bad debt experience; post year-end collections data	Provide the complete ageing report; demonstrate that provision rates are based on historical loss experience plus forward-looking adjustment; show post year-end collections to demonstrate recoverability of current balances	ECL provision rate reviewed against actual write-offs annually; provision matrix updated when credit conditions change
18	Have significant debtors been individually assessed for impairment (Stage 3)?	List of debtors > threshold individually assessed; credit review for each; evidence of specific impairment where applicable	For each material debtor individually assessed: present the credit assessment, evidence of default indicators, and the specific ECL computed (or justification for full recoverability)	Individual assessment threshold documented in the ECL policy; all debtors >5% of total receivables individually reviewed
19	What evidence supports the recoverability of debtors over 120 days outstanding?	Aged list of debtors >120 days; correspondence with debtors; payment plans; legal status of debts; post year-end payments received	For each material debtor >120 days: provide recent communication, payment plan evidence, or legal recovery status. Confirm post year-end collections. Write off where recovery is demonstrably unlikely.	Finance Director reviews all debtors >90 days monthly; formal credit review for all debtors >120 days before year-end close
20	Confirm that debtor confirmations have been sent and responses reconciled	Confirmation letters sent schedule; responses received; reconciliation of confirmation responses to the ledger; non-responses followed up	Provide the confirmation schedule: letters sent, responses received, exceptions reconciled. Explain the treatment of non-responses (alternative procedures applied).	Confirmation letters sent for debtors representing at least 60% of the total receivables balance; non-responses followed up before audit commences
21	How have related party receivables been separately assessed for ECL?	Related party receivable schedule; separate ECL assessment for related party exposures; terms of related party receivables	Demonstrate that related party receivables have been assessed separately; confirm terms are documented; assess	Related party receivables excluded from the standard ECL model; individually assessed

#	Audit Query	Evidence Required	Management Response	Best Practice
			recoverability based on the financial capacity of the related party, not the general ECL model	based on the related party's financial position
2 2	<b>Confirm that gross trade receivables are correctly stated — have any netting arrangements been applied?</b>	Netting agreement documentation; legal right to net confirmed; accounts where netting has been applied	Identify any accounts where receivable and payable balances with the same counterparty have been netted. Confirm the legal right to net exists. Present gross balances where legal right to net does not exist.	Netting policy documented; legal counsel confirmation of netting rights for all netting arrangements
2 3	<b>How has the ECL on intercompany receivables been assessed?</b>	Intercompany receivable schedule; financial position assessment of debtor entities; any impairment indicators on intercompany balances	Assess each intercompany receivable: is the debtor entity financially capable of repayment? Apply ECL based on the debtor entity's financial position — not the general model.	Intercompany ECL reviewed as part of the group reporting process; Finance Director of debtor entity provides a solvency confirmation
2 4	<b>Confirm that unearned income on contract assets has been correctly deducted</b>	Contract asset schedule; confirmation that contract assets represent revenue earned but not yet billed (not advances received)	Present the contract asset roll-forward; confirm that balances represent rights to consideration earned through performance not yet billed, not prepayments from customers	Contract asset vs contract liability distinction reviewed monthly; policy documented and applied consistently
2 5	<b>How has the provision for sales returns been computed and is it consistent with actual returns received post year-end?</b>	Historical returns rate; returns provision computation; post year-end actual returns received	Provide the returns provision methodology; compare to post year-end actual returns; adjust if materially different	Returns provision reviewed against actual returns monthly; provision rate updated quarterly based on rolling actual returns data

## Fixed Assets & IFRS 16 — Audit Queries 26–40

#	Audit Query	Evidence Required	Management Response	Best Practice
2 6	<b>Is the fixed asset register reconciled to the general ledger control account?</b>	FAR vs GL reconciliation; explanation of any differences; signed-off by Financial Controller	Present reconciliation; explain all reconciling items; confirm all items have been resolved before audit commencement	Monthly FAR-to-GL reconciliation; differences escalated to Finance Director within 48 hours
2 7	<b>How has the classification of capital vs revenue expenditure been determined?</b>	Capitalisation policy; analysis of expenditure items classified as capital; evidence supporting enhancement vs maintenance distinction	Present the capitalisation policy; provide analysis of all additions above threshold showing they meet the criteria for capitalisation (probable future economic benefit, cost measured reliably)	Written capitalisation policy with monetary threshold; reviewed by Finance Director for all items above 50% of threshold
2 8	<b>Confirm that useful lives and residual values have been reviewed at year-</b>	Useful life review documentation; residual value assessment;	Present evidence that useful lives have been reviewed; confirm	Formal useful life review conducted annually by the

#	Audit Query	Evidence Required	Management Response	Best Practice
	end per IAS 16.51	evidence that changes, if any, have been applied prospectively	residual values are current. If changes have been made, present the prospective depreciation impact.	engineering/operations team; documented and signed off
29	Has an impairment assessment been conducted for assets showing impairment indicators?	Impairment indicator checklist; VIU/FVLCD computation for assets with indicators; documentation of CGU identification	Provide the impairment indicator review; for each asset/CGU with indicators, present the recoverable amount computation with documented assumptions	Impairment indicator checklist completed as part of the year-end close; CFO reviews all identified indicators
30	How has the completeness of the lease population been confirmed for IFRS 16?	Lease inventory process description; sources reviewed (contracts register, property list, equipment register, payments ledger); confirmation that all leases have been identified	Describe the process used to identify all leases; confirm which sources were reviewed; provide the complete lease register	Annual lease register review: property team, operations team, and accounts payable all asked to identify new leases; register reconciled to payments ledger
31	What incremental borrowing rate has been applied to IFRS 16 leases and how was it determined?	IBR determination documentation; reference to comparable borrowing rates; basis for any adjustments for term and asset type	Present the IBR documentation: reference rate, adjustments for term and credit quality, resulting IBR applied per lease. Confirm this was determined at commencement date.	IBR determination process documented in the IFRS 16 accounting policy; independent review of IBR for leases >NGN 50m
32	Confirm that ROU asset and lease liability calculations are mathematically correct	IFRS 16 schedules showing PV calculation, ROU asset depreciation, and lease liability unwinding; reconciliation to balance sheet and P&L	Provide the IFRS 16 schedules for each lease; demonstrate mathematical accuracy; reconcile to the balance sheet and P&L line items	IFRS 16 schedules maintained in Excel/system; reviewed by Financial Controller annually and at lease commencement/modification
33	How have lease modifications been treated during the year?	Lease modification analysis per IFRS 16; identification of whether modification creates a new lease or modifies the existing one; computation of revised lease liability	For each lease modification: present the modification terms; the IFRS 16 analysis (new lease or remeasure); and the revised liability/ROU calculation	Lease modifications flagged to finance within 30 days of signature; finance team performs IFRS 16 analysis before the next accounting period
34	Confirm the depreciation method applied to ROU assets is consistent with the policy	IFRS 16 depreciation schedule; depreciation method (straight-line, units of production); consistency with prior year	Confirm straight-line depreciation is applied over the lease term (or useful life if ownership transfers); confirm consistency with prior year	IFRS 16 depreciation method documented in the accounting policy; consistent period-to-period
35	Have assets under construction been reviewed for indicators that capitalisation should	AUC listing; project status updates; estimated costs to complete; assessment of probability of completion	For each material AUC: provide a project status update; confirm the project is still active and	AUC review conducted at every year-end; Finance Director obtains

#	Audit Query	Evidence Required	Management Response	Best Practice
	cease or impairment exists?		likely to be completed; assess NRV if completion is in doubt	written confirmation from project managers on status and revised cost to complete
36	How have proceeds from disposal of fixed assets been treated and is the gain/loss correctly calculated?	Disposal schedule; carrying amount at date of disposal; proceeds received; gain/loss computation; derecognition journal	Present the disposal schedule: cost, accumulated depreciation, NBV at disposal, proceeds, and gain/loss. Confirm assets are fully derecognised.	Disposal approval process requiring Finance Director sign-off; immediate update to FAR and accounting system on disposal
37	Confirm that assets classified as held for sale meet all IFRS 5 criteria	Evidence of active programme to sell; available for immediate sale; management commitment; active marketing; likely completion within 12 months	For each asset classified as held for sale: provide documented evidence of each IFRS 5 criterion being met	IFRS 5 classification requires Finance Director approval with documented evidence checklist
38	How has borrowing cost capitalisation (IAS 23) been applied to qualifying assets?	List of qualifying assets; general and specific borrowings; capitalisation rate computation; period of capitalisation	Present the IAS 23 computation: qualifying assets identified; specific borrowings applied first; general borrowing rate applied to excess expenditure; cessation of capitalisation confirmed	IAS 23 policy documented; capitalisation rate computed at period-end for all periods in which qualifying assets are under construction
39	Confirm that the revaluation model (if applied) has been performed with a qualified valuer within the required timeframe	Valuation report; valuer independence confirmation; date of valuation; method used; revaluation surplus/deficit computed	Provide the independent valuation report; confirm the valuer is suitably qualified and independent; present the revaluation journal entries and OCI impact	Revaluation policy specifying frequency (minimum every 3 years or when significant market movement); external valuer engaged by Finance Director
40	Is the carrying amount of goodwill supported by an annual impairment test?	CGU analysis; goodwill allocation to CGUs; impairment test documentation with VIU or FVLCD; discount rate support; growth rate assumptions	Present the goodwill impairment test: CGU identification; cash flow projections; discount rate derivation; terminal growth rate; VIU vs carrying amount; conclusion. Auditors will challenge every assumption.	Annual impairment test conducted before year-end; reviewed by the CFO and presented to the audit committee

## Tax & Deferred Tax — Audit Queries 41–55

#	Audit Query	Evidence Required	Management Response	Best Practice
41	Is the CIT computation complete and reconciled to the income tax note in the financial statements?	Draft CIT computation; reconciliation of accounting profit to taxable profit; reconciliation to income tax note (current tax expense)	Present the CIT computation showing all add-backs and deductions; reconcile to the income tax expense	CIT computation prepared by a qualified tax advisor and reviewed by the Finance Director

#	Audit Query	Evidence Required	Management Response	Best Practice
			in the P&L and the income tax payable in the balance sheet	before the audit commences
4 2	<b>Have all disallowable expenses been correctly identified and added back?</b>	CIT computation add-backs schedule; reference to Nigeria Tax Act 2025 provisions; evidence for each add-back	Present the complete add-back schedule with reference to the specific NTA 2025 provision making each expense disallowable. Confirm entertainment, penalties, non-commercial provisions, and non-qualifying donations have been added back.	Add-back schedule reviewed against the NTA 2025 annually; updated when new Finance Act amendments affect disallowable expenses
4 3	<b>How have capital allowances been computed and are they consistent with the NRS prescribed rates?</b>	Capital allowance schedule; additions in the year; initial allowance and annual allowance rates applied; reconciliation to the FAR	Present the capital allowance schedule for all qualifying assets; confirm initial and annual allowance rates are per the NTA 2025/Third Schedule; reconcile qualifying additions to the FAR additions	Capital allowance schedule prepared by tax advisor; reconciled to FAR by the Financial Controller; reviewed before CIT filing
4 4	<b>Are there any brought-forward tax losses and have the utilisation rules been correctly applied?</b>	Tax loss schedule; carry-forward period confirmation; offset against current year taxable profit	Present the accumulated tax loss position; confirm the carry-forward period under the NTA 2025; demonstrate the offset calculation for the current year	Tax loss schedule maintained and updated annually; carry-forward period monitored to avoid expiry of losses
4 5	<b>Is the deferred tax computation complete and correctly supported by the IAS 12 schedule?</b>	IAS 12 schedule showing all temporary differences; carrying amounts vs tax bases; DTA/DTL by category; reconciliation to the balance sheet	Present the complete IAS 12 schedule; reconcile each temporary difference to the underlying asset/liability; confirm the deferred tax has been reviewed by a tax specialist	IAS 12 schedule prepared by a tax specialist; reviewed by the Finance Director; reconciled to the CIT computation at year-end
4 6	<b>Is the DTA recovery sufficient — what evidence supports future taxable profits?</b>	Board-approved 5-year taxable profit projections; track record of profitability; explanation of any differences between accounting and taxable profit forecasts	Present the 5-year taxable profit forecast; confirm it is based on the same assumptions as the board-approved budget; explain why the projections are realistic	DTA recoverability assessed formally at each year-end; business plan reviewed by the board specifically for this purpose
4 7	<b>How has the effective tax rate reconciliation been prepared and what are the principal reconciling items?</b>	ETR reconciliation: accounting profit × statutory rate; permanent differences; deferred tax movements; tax incentives; prior year adjustments	Present the full ETR reconciliation in both amounts and percentages; explain each reconciling item; confirm consistency with prior year treatment	ETR reconciliation prepared as part of the tax note; reviewed by the Finance Director; unexplained variances from prior year investigated
4 8	<b>Have all outstanding NRS assessments been</b>	NRS correspondence register; list of all	Provide a complete list of all outstanding NRS	NRS correspondence

#	Audit Query	Evidence Required	Management Response	Best Practice
	<b>identified and disclosed?</b>	outstanding assessments, objections, and appeals; legal counsel assessment of likely outcome	matters; for each: the amount assessed, the period covered, management's position, legal counsel's view, and the provision made if any	reviewed monthly; all assessments reported to Finance Director within 48 hours of receipt; register maintained by the tax team
49	<b>Is WHT receivable correctly stated and has recoverability been assessed?</b>	WHT credit note register; reconciliation of WHT receivable to WHT credit notes received; offset calculation against CIT liability	Present the WHT receivable schedule; confirm all credit notes are supported by documentation; demonstrate the offset against current year CIT liability; write off any WHT receivable that cannot be offset or recovered within a foreseeable period	WHT credit note register maintained monthly; reconciled to the WHT receivable GL account quarterly
50	<b>Has VAT been correctly reconciled to the NRS filing position?</b>	VAT reconciliation: output VAT per GL vs NRS filings (12 months aggregated); input VAT claimed vs eligible input VAT	Present the year-end VAT reconciliation; explain any differences between the GL balance and the NRS position; confirm all input VAT claims are supported by valid tax invoices	Monthly VAT reconciliation between GL and NRS TaxProMax filing; differences investigated before the following month's filing
51	<b>Is stamp duty correctly accounted for on all chargeable instruments executed in the year?</b>	List of material contracts executed in the year; stamp duty assessment; evidence of stamping for each	Provide the list of material contracts; confirm stamp duty has been paid and instruments are stamped; quantify any unstamped instruments and the financial exposure	Contract register maintained by the legal team; stamp duty review conducted as part of the year-end close
52	<b>Has PAYE been reconciled for the full year and are all 12 months' receipts obtained?</b>	Monthly PAYE remittance receipts; annual payroll-to-PAYE reconciliation; confirmation of no outstanding PAYE assessments	Present the full-year PAYE reconciliation; provide all 12 months' receipts; confirm no PAYE assessments are outstanding	PAYE reconciliation completed annually by the HR/payroll team; reviewed by the Finance Director before year-end close
53	<b>Have pension contributions been reconciled to PFA statements for all 12 months?</b>	12 monthly PFA statements; reconciliation of pension remittances to the payroll register; confirmation that all employees are enrolled	Provide the PFA confirmation for all 12 months; present the reconciliation between payroll deductions and PFA remittances; confirm headcount reconciliation	Monthly PFA statement obtained and filed; annual pension reconciliation completed in December as part of the year-end close
54	<b>Is the tax provision for the year consistent with the management's knowledge of the NRS's position on key issues?</b>	Tax risk assessment; legal counsel opinions on disputed positions; management's knowledge of NRS stance	Provide a complete tax risk register; confirm that provisions have been made for all positions where the NRS has formally challenged or is expected to challenge the company's treatment	Tax risk register maintained by the tax team; reviewed by the Finance Director and external tax advisor annually

#	Audit Query	Evidence Required	Management Response	Best Practice
55	How has the transfer pricing position been assessed and documented for the current year?	TP documentation (Local File, Master File if applicable); benchmarking analysis; TP return filed with NRS	Confirm TP documentation is contemporaneous; present the benchmarking analysis supporting arm's length pricing; confirm the TP return has been filed	Annual TP documentation prepared by a qualified transfer pricing specialist; filed simultaneously with the CIT return

## Related Parties, Going Concern & Subsequent Events — Queries 56–70

#	Audit Query	Evidence Required	Management Response	Best Practice
56	Have all related parties been identified — including KMP close family members?	Annual related party survey; signed declarations from all directors and senior management; register of related parties updated	Present the signed related party declarations from all directors and KMP; confirm the register has been updated; explain the process for identifying new related parties during the year	Annual related party survey conducted in November/December; all directors and senior management required to sign; company secretary reviews and updates the register
57	Are all related party transactions disclosed — amounts, terms, outstanding balances?	Complete related party transaction schedule; reconciliation to the IAS 24 disclosure note; confirmation that no transactions have been omitted	Present the complete related party transaction schedule for the year; reconcile to the notes; confirm that all transactions were conducted on arm's length terms and that the basis has been documented	Related party disclosure note prepared by the company secretary and reviewed by the Finance Director and auditors jointly before finalisation
58	How has the KMP compensation disclosure been prepared — are all components included?	KMP compensation schedule by component: short-term benefits, post-employment, other long-term, termination, share-based; reconciliation to payroll	Present KMP compensation by each category per IAS 24.17; confirm reconciliation to payroll records and any share-based payment arrangements	KMP compensation schedule prepared by HR and reviewed by the Finance Director; cross-referenced to board-approved remuneration
59	Has the going concern assessment been formally documented and approved by the board?	Going concern memo with cash flow projections, covenant analysis, stress scenarios, and board approval	Present the signed going concern memo; provide the 12-month cash flow projection; demonstrate covenant headroom; present the stress scenarios tested	Board-approved going concern memo required before the financial statements are signed; standard agenda item at the accounts approval board meeting
60	What stress scenarios were applied to the going concern assessment and what are the breakeven points?	Scenario analysis with quantified assumptions; breakeven analysis showing the revenue/cost movement required to trigger going concern risk	Present the specific scenarios tested (e.g., 20% revenue decline, 15% cost increase, loss of major customer); quantify the cash impact of each; show the	At minimum: base case, downside case (-20% revenue), severe downside case (-30% revenue); results presented to

#	Audit Query	Evidence Required	Management Response	Best Practice
			threshold below which additional funding would be required	the audit committee
6 1	<b>Are there any events after the reporting date that require adjustment to the financial statements?</b>	Subsequent events review memo; list of events reviewed; classification as adjusting or non-adjusting; board confirmation	Present the subsequent events review memo covering the period from year-end to the date of the board meeting; classify each event; confirm non-material events have also been reviewed	Subsequent events review is a mandatory closing step; reviewed by the Finance Director and CFO; board asked explicitly to confirm they are aware of no undisclosed subsequent events
6 2	<b>Have any legal claims been received after year-end that may provide evidence of a liability existing at year-end?</b>	List of legal claims received after year-end; legal counsel assessment; link to provisions recognised or contingent liability disclosures	For each legal claim received after year-end: assess whether it provides evidence of a condition existing at year-end (adjusting event) or represents a new condition (non-adjusting event)	Legal team required to report all new claims to finance within 48 hours; finance assesses IAS 10 treatment with legal counsel
6 3	<b>Have any customers or key contracts been lost after year-end in a manner that affects going concern or revenue recognition?</b>	Notification of customer losses/contract terminations; revenue impact assessment; going concern update if material	Disclose material customer losses as non-adjusting events if they arise after year-end; reassess going concern if the loss is material to the entity's viability	Commercial team required to notify finance of material contract losses immediately; finance assesses disclosure implications
6 4	<b>Has the entity experienced any regulatory sanctions or fines after year-end?</b>	Regulatory notices received after year-end; legal counsel assessment; disclosure analysis	Present any regulatory notices received after year-end; assess whether they are adjusting events (providing evidence of a pre-existing condition) or non-adjusting events (new conditions)	Regulatory correspondence register reviewed at year-end; legal team reports all notices received after year-end within 48 hours
6 5	<b>Has the board formally confirmed that no subsequent events have occurred that would affect the financial statements?</b>	Board confirmation — typically included in the management representation letter and/or documented in the board minutes for the accounts approval meeting	The management representation letter includes a representation on subsequent events. The board minutes record that directors have confirmed awareness of no further material subsequent events.	Subsequent events representation explicitly included in the management representation letter; board asked at the accounts approval meeting to confirm awareness of all subsequent events
6 6	<b>How have intercompany transactions been confirmed and do they reconcile across group entities?</b>	Intercompany confirmation matrix; reconciliation of balances; list of differences and resolution	Present the intercompany confirmation matrix showing the balance as reported by each entity; explain all differences; confirm resolution before consolidation	Intercompany confirmations circulated at month 11; final confirmation at year-end; all differences resolved before financial statements are prepared

#	Audit Query	Evidence Required	Management Response	Best Practice
67	Are intercompany loans documented with formal loan agreements at market rates of interest?	Intercompany loan agreements; interest rate benchmarking; interest computation; accrued interest reconciliation	Provide each intercompany loan agreement; confirm interest rate is documented; present the interest computation and accrual	All intercompany loans documented before funds are transferred; interest rate reviewed annually against market rates; TP documentation updated
68	Have provisions for restructuring been correctly recognised per IAS 37.72?	Board resolution or announcement creating a constructive obligation; detailed formal plan; expectation that plan will be implemented without realistic possibility of withdrawal; communication to those affected	Demonstrate that a detailed formal plan exists; the plan was announced publicly or communicated to those affected before year-end; costs included are those directly related to the restructuring	Legal and finance teams review all restructuring events together; IAS 37 criteria checklist completed before provision is recognised
69	Is the assessment of contingent liabilities current and complete?	Legal register of all pending claims; counsel's assessment of each; disclosure analysis for each (provision, contingent liability, or no disclosure)	Present the complete legal claims register; for each claim: probability assessment, range of outcomes, and disclosure conclusion. Confirm that all claims above a defined threshold have been reviewed by legal counsel.	Legal claims register maintained by the legal team; reviewed with legal counsel quarterly; complete review conducted at year-end with Finance Director
70	Confirm that events occurring between the reporting date and the signing of the auditors' report have been considered	Subsequent events review covering up to the expected date of auditors' report; management confirmation that it will update the review if further events occur	Provide a representation that management will promptly inform the auditors if further events occur between the current review date and the expected date of the auditors' report	Finance Director performs a final subsequent events review immediately before signing the management representation letter

## Financial Instruments, Inventory, Payroll & Governance — Queries 71–100

#	Audit Query	Evidence Required	Management Response	Best Practice
71	Financial Instruments: How have financial assets been classified under IFRS 9? (SPPI test, business model)	SPPI test documentation for each debt instrument; business model assessment for the portfolio	Demonstrate that each financial asset has been assessed: SPPI test passed? Business model (hold to collect, hold and sell, other)?	Classification documented at origination; reviewed when business model changes
72	Inventory: Has a physical inventory count been performed and properly observed?	Count instructions; count sheets; count observation notes (auditor or independent observer); variance analysis	Provide count instructions, completed count sheets, signed count sheets, variance analysis, and reconciliation to book inventory	Annual physical count; finance team member present throughout; variances > threshold investigated and signed off
7	Inventory: Is inventory	NRV assessment for	Present the NRV	Monthly NRV review

#	Audit Query	Evidence Required	Management Response	Best Practice
3	<b>valued at the lower of cost and NRV per IAS 2?</b>	each product category; selling prices net of selling costs vs cost; write-down schedule	analysis: current selling price less estimated selling costs vs book cost for each category. Explain any write-downs taken.	for slow-moving or high-risk inventory categories; year-end full review signed off by the Finance Director
7 4	<b>Inventory: How are production overheads allocated to inventory under IAS 2?</b>	Overhead absorption methodology; normal capacity basis; fixed and variable overhead split; allocation rate computation	Confirm overhead allocation is based on normal capacity (not actual); present the fixed overhead absorption rate and the variable overhead allocation	Overhead absorption methodology documented; reviewed when capacity utilisation changes significantly
7 5	<b>Payables: Have supplier statement reconciliations been performed for material suppliers?</b>	Supplier statement reconciliation for top 20 suppliers by outstanding balance; explanation of all reconciling items	Provide the supplier statement reconciliations; explain unmatched items; confirm all material differences have been resolved or are in dispute with documented basis	Supplier statement reconciliations performed monthly for top 20 suppliers; completed before year-end close
7 6	<b>Payables: Confirm that all goods received before year-end have been accrued where invoices are outstanding</b>	GRN register at year-end; accrual for unmatched GRNs; review of January invoices for December goods received	Present the GRN accrual list; confirm that all goods received before year-end are in the balance sheet; review January invoices to confirm no material omissions	GRN accrual run as a mandatory year-end close step; Finance Director reviews and approves
7 7	<b>Payroll: Is the annual payroll cost in the financial statements reconcilable to payroll records?</b>	Payroll summary by month; total reconciled to cost of sales and operating expenses in the P&L; headcount reconciliation	Present the payroll reconciliation: 12 months' payroll totals reconciled to P&L lines; headcount movement during the year	Annual payroll-to-P&L reconciliation performed as part of the year-end close; Finance Director reviews
7 8	<b>Payroll: How have bonuses, gratuities, and 13th-month payments been accrued?</b>	Bonus policy; accrual computation; board approval of bonus pool; payroll confirmation of amounts paid in January	Present the bonus accrual computation; confirm board approval of the bonus pool; confirm payment in January matches accrual	Bonus accrual policy documented; board approval obtained before year-end accrual is posted
7 9	<b>Going Concern: What is the covenant headroom under banking facilities?</b>	Banking facility agreements; covenant definitions; actual performance vs covenant ratios; headroom computation	Present each covenant definition; the actual ratio at year-end; the covenant threshold; and the headroom. Flag any breaches or near-breaches.	Covenant compliance report prepared monthly by the Finance Director; any breach scenario reported to the board immediately
8 0	<b>Going Concern: Are any facilities due for renewal within 12 months of the reporting date?</b>	Banking facility maturity schedules; renewal timeline; evidence of lender engagement	Identify all facilities maturing within 12 months; confirm engagement with lenders; provide evidence of indicative renewal terms or confirmation letters	Treasury team tracks facility maturities 18 months in advance; renewal process initiated 9 months before maturity

#	Audit Query	Evidence Required	Management Response	Best Practice
8 1	<b>Disclosures: Confirm that EPS disclosure (if applicable) is correctly computed</b>	Weighted average number of shares computation; basic and diluted EPS; potential dilution analysis (options, convertibles)	Present the weighted average shares computation; basic EPS calculation; diluted EPS with dilutive potential shares identified and included	EPS computation reviewed by the Financial Controller; reconciled to the shares register
8 2	<b>Disclosures: Is the segment information (IFRS 8) consistent with how the CODM reviews information?</b>	Management information/board reporting showing how operating segments are reported internally; reconciliation of segment results to consolidated results	Demonstrate that segments are identified consistent with internal management reporting; reconcile segment revenue, profit, and assets to consolidated totals	Segment definitions agreed with auditors at planning stage; reviewed when the business structure changes
8 3	<b>Disclosures: Are all contingent assets and liabilities correctly disclosed?</b>	Legal register; insurance claims; tax refunds outstanding; government grants contingent on performance	Present all contingent assets and liabilities; confirm disclosure is at the correct level (nature, financial effect, uncertainty) without creating a misleading impression	Contingent asset and liability register maintained; reviewed by legal counsel and Finance Director at year-end
8 4	<b>Governance: Confirm that the directors' report complies with CAMA 2020 requirements</b>	Directors' report drafts; checklist of required CAMA 2020 disclosures; confirmation of going concern statement and internal controls statement	Present the directors' report; confirm it includes: principal activities, review of business, future developments, dividends, directors' interests, going concern, internal controls statement	Directors' report checklist from CAMA 2020 reviewed by the company secretary and Finance Director; board approves the directors' report separately
8 5	<b>Governance: Have all material related party transactions been disclosed with board approval?</b>	Board minutes recording approval of material related party transactions; related party disclosure note	Confirm that all material related party transactions were approved by the board with interested directors abstaining; provide the relevant board minutes	Related party transaction policy documented; board approval required for all transactions above defined thresholds; company secretary maintains the approval register
8 6	<b>Provisions: Is the discount rate applied to long-term provisions current and appropriate?</b>	Provision discount rate analysis; reference to pre-tax risk-free rates; updated for current market conditions	Present the discount rate applied to each long-term provision; confirm it is a current pre-tax rate reflecting current market assessments and the time value of money. Explain any change from the prior year.	Discount rate reviewed at each year-end; updated for movements in risk-free rates; changes in estimates recognised prospectively
8 7	<b>Financial Instruments: How have derivatives been measured at fair value?</b>	Derivative valuation statements from counterparty banks; Level 2 fair value hierarchy confirmation; hedge accounting documentation if applicable	Present the derivative valuation from the counterparty bank; confirm Level 2 classification; provide hedge accounting documentation if hedge accounting has been	Derivative valuations obtained from banks at each reporting date; reviewed against in-house calculations; hedge effectiveness testing documented quarterly

#	Audit Query	Evidence Required	Management Response	Best Practice
			applied	
88	<b>Cash: Are there any restrictions on cash balances that require separate presentation?</b>	Cash and cash equivalent analysis; restricted cash identification; loan facility terms restricting use of cash	Identify any cash held in restricted accounts or subject to legal or contractual restriction; present separately from free cash if material	Restricted cash policy documented; Finance Director reviews all bank account restrictions annually
89	<b>Goodwill: What is the allocation of goodwill to CGUs?</b>	Goodwill allocation schedule; CGU identification; basis for allocation; consistency with prior year	Present the goodwill allocation to CGUs; explain the basis for allocation; confirm consistency with prior year or explain any reallocation	Goodwill allocation reviewed when business structure changes; any reallocation documented with business rationale
90	<b>Impairment: How has the discount rate been derived for the value-in-use calculation?</b>	WACC computation (or sector WACC reference); pre-tax adjustment; documentation of inputs (risk-free rate, equity risk premium, beta, debt cost)	Present the full WACC/discount rate derivation; confirm pre-tax adjustment methodology; demonstrate that all inputs are current market-based	Discount rate independently reviewed for all material impairment tests; updated annually for market movements
91	<b>Leases: Confirm the carrying amount of lease liabilities reconciles between opening and closing balance</b>	Lease liability roll-forward: opening balance + additions + interest unwinding - lease payments = closing balance; reconciliation to balance sheet	Present the lease liability roll-forward for all leases in aggregate and individually for material leases; reconcile to the balance sheet	IFRS 16 schedule maintained in the system; annual roll-forward reviewed by the Financial Controller
92	<b>Consolidation: Confirm all subsidiaries are included in the consolidation</b>	Group structure chart; list of all subsidiaries with % ownership; confirmation that all are consolidated	Present the complete group structure; confirm 100% of controlled entities are consolidated; explain any entities not consolidated (e.g., dormant entities without assets/liabilities)	Group structure chart maintained by the company secretary; reviewed at year-end for any changes
93	<b>Consolidation: How have non-controlling interests been computed?</b>	NCI computation: fair value at acquisition or proportionate share; movement for the year; reconciliation to the NCI balance in equity	Present the NCI computation: basis at acquisition; share of profit/loss; share of OCI; dividends paid to NCI; closing balance	NCI computation maintained in the consolidation workbook; reviewed by the Group Financial Controller annually
94	<b>Disclosures: Confirm the statement of cash flows reconciles to the opening and closing cash balance</b>	Cash flow statement; reconciliation of cash and cash equivalents; movements in overdrafts; foreign currency translation of cash balances	Present the reconciliation of opening to closing cash per the cash flow statement; confirm consistency with the balance sheet cash balance	Cash flow statement reviewed by the Financial Controller and reconciled to the balance sheet before audit commencement
95	<b>Tax: Have any uncertain tax positions been identified and provided for?</b>	Tax risk register; assessment of each uncertain position (recognition threshold: more likely than not);	Identify all uncertain tax positions; for each: assess whether it is more likely than not that the position will be	Tax risk register reviewed by the tax advisor and Finance Director annually; uncertain positions

#	Audit Query	Evidence Required	Management Response	Best Practice
		provision computation	sustained; provide for positions that do not meet the recognition threshold	assessed and provided for consistently
96	<b>Disclosures: Is the capital management disclosure complete per IAS 1.134?</b>	Capital management objectives, policies, and processes; what the entity manages as capital; whether external capital requirements are subject to any externally imposed capital requirements and how the entity complies	Present the capital management note: define what is managed as capital; state the objectives; describe the policies; confirm external requirements and compliance	Capital management note drafted by the Finance Director; reviewed annually for accuracy and completeness
97	<b>Governance: Has the internal controls statement in the directors' report been substantiated?</b>	ICFR testing results; audit committee oversight evidence; any material weaknesses identified and disclosed	Provide the basis for the internal controls statement: ICFR assessment performed, results, any material weaknesses identified and management's response	Formal ICFR assessment conducted annually; results presented to the audit committee before the directors' report is finalised
98	<b>Sustainability: Have any climate-related risks been considered in the financial statement preparation (impairment, useful lives, provisions)?</b>	Climate risk assessment; IAS 36 impairment consideration; IAS 16 useful life review for climate-exposed assets; IAS 37 climate-related provisions	Demonstrate that climate risk has been considered: impairment indicators assessed for climate-exposed assets; useful lives reviewed for climate transition risk; any climate-related provisions assessed under IAS 37	Climate risk added to the impairment indicator checklist; Finance Director reviews annually
99	<b>Financial Instruments: Are financial liabilities correctly classified between current and non-current per IAS 1.69?</b>	Loan maturity schedule; covenant compliance status; any waivers obtained; demand clauses in facility agreements	Confirm that financial liabilities falling due within 12 months are classified as current; identify any covenants that, if breached, would make debt repayable on demand; confirm any waivers obtained before the reporting date	Debt classification review conducted at every reporting date; legal counsel confirms interpretation of demand clauses; any covenant breaches immediately reported to Finance Director
100	<b>Overall: Are the financial statements as a whole consistent — across the P&amp;L, balance sheet, cash flow, and notes?</b>	Cross-referencing check of key figures: P&L items consistent with notes; balance sheet items consistent with movement schedules; cash flow reconciled to both P&L and balance sheet movements	Demonstrate that the financial statements are internally consistent: a revenue figure in the notes matches the P&L; a provision movement in the notes matches the balance sheet closing balance; the tax note reconciles to both the P&L and balance sheet	Final consistency check performed by the Financial Controller before audit delivery; checklist of key cross-references completed and signed off

## ADDITIONAL CASE STUDIES — HEALTHCARE, EDUCATION & PUBLIC SECTOR

### Case Study 7 — Healthcare: The Revenue Recognition Complexity

<b>Background</b>	A private hospital group operating 4 facilities across Lagos and Abuja. Annual revenue NGN 2.8 billion comprising: HMO-contracted services (60%), private pay patients (30%), and government scheme reimbursements (10%). The group had been recognising all revenue at the point of service delivery, with no allowance for HMO rejection rates or government reimbursement delays.
<b>Problem</b>	During the year-end audit, auditors identified: (1) HMO rejection rates of 12–18% on claims submitted — meaning 12–18% of recognised revenue would not be collected; (2) Government scheme reimbursements averaging 8 months from claim submission — creating a significant financing component under IFRS 15; (3) No variable consideration constraint applied to HMO revenue.
<b>IFRS 15 Analysis</b>	The HMO revenue required a variable consideration constraint: only revenue 'highly probable not to reverse' should be recognised. Based on the 85% average collection rate, a provision of approximately NGN 168,000,000 (12% of NGN 1,400,000,000 HMO revenue) was required. Government reimbursements required assessment of the financing component given the 8-month payment lag.
<b>Management Action</b>	The Finance Director implemented a claims management dashboard tracking rejection rates by HMO by service type. A variable consideration model was built using 12-month rolling rejection rate data by HMO. Revenue was recognised net of the expected rejection rate for each HMO, with the constraint applied conservatively. Government reimbursements were assessed and the financing component was found to be immaterial given the relatively small value.
<b>Outcome</b>	Revenue was reduced by NGN 168,000,000. Operating profit fell from the initially reported NGN 420,000,000 to NGN 252,000,000. The group's lender required a brief covenant discussion, but the revised position remained within covenant headroom. The claims management system was implemented within 90 days and produced better commercial insight into HMO performance.
<b>CFO Lesson</b>	Revenue recognition in healthcare requires sector-specific application of IFRS 15. The 5-step model must be applied to the specific characteristics of each payer type: HMOs, government schemes, and private pay each have different collection probabilities and timing patterns. Variable consideration constraints are not optional — they are the mechanism by which IFRS 15 prevents organisations from reporting revenue that is unlikely to be collected.

### Case Study 8 — Education: The Deferred Revenue Crisis

<b>Background</b>	A private university operating under a March year-end. Annual tuition revenue of NGN 3.2 billion. The university recognised all tuition fees received as revenue in the period of receipt — regardless of whether the academic year to which they related had commenced or was still in progress at the year-end date.
<b>IFRS 15 Issue</b>	Under IFRS 15, tuition revenue must be recognised as the academic year's performance obligations are satisfied — i.e., over the academic period to which the fees relate. Fees received for the April–September semester (academic year commencing after the March year-end) should be deferred as contract liabilities at year-end.
<b>Financial Impact</b>	Approximately 40% of annual tuition revenue (NGN 1,280,000,000) related to the April–September semester — which had not commenced at the 31 March year-end. This amount should have been classified as deferred income (contract liability). The income statement was overstated by NGN 1,280,000,000 and the balance sheet understated the contract liability by the same amount.
<b>Management Action</b>	The Finance Director implemented an IFRS 15-compliant revenue recognition policy: fees received are credited to deferred income; revenue is recognised monthly as the academic semester progresses. At each year-end, the proportion of the semester completed to date is

	recognised; the remainder is deferred. A semester-revenue schedule is produced monthly.
<b>Board Lesson</b>	Educational institutions must apply IFRS 15 carefully to the timing of revenue recognition. The academic calendar — not the billing cycle — determines when performance obligations are satisfied. This has significant balance sheet and income statement implications for institutions with academic years that straddle financial year-ends.

## Case Study 9 — Public Sector Contractor: The Compliance Disqualification

<b>Background</b>	A civil engineering contractor with 70% of its NGN 6.5 billion annual revenue from federal government contracts. The company had not filed CAC annual returns for 3 years, had accumulated PAYE arrears of NGN 45,000,000, and its PenCom certificate had lapsed. The company was bidding on a NGN 2.1 billion infrastructure contract when the compliance gaps were discovered during the procurement due diligence process.
<b>Consequence</b>	The company was disqualified from the procurement process. The NGN 2.1 billion contract was awarded to a competitor. The CAC had commenced strike-off proceedings (3 years of non-filing). The PAYE arrears attracted 10% penalty plus interest, bringing the total liability to approximately NGN 63,000,000. Without a PenCom certificate, the company could not bid on any government contract.
<b>Remediation</b>	The company engaged Outliers Professionals Ltd-equivalent professional services to: file 3 years of CAC annual returns (with late filing fees); regularise PAYE arrears under an agreed NRS payment plan; reinstate the PenCom certificate with full pension remittances; establish a compliance calendar and assign a dedicated compliance officer. The process took 4 months and cost approximately NGN 8.5 million in professional fees and penalty payments.
<b>CFO Lesson</b>	For public sector contractors, compliance certificates are commercial assets. The cost of maintaining them — fees, professional advisory, timely filings — is always less than the revenue lost from a single contract disqualification. The CFO of a company with significant government revenue must own a real-time compliance dashboard showing the status of every certificate required for procurement eligibility.

## Case Study 10 — Professional Services: The Working Capital Trap

<b>Background</b>	A management consulting firm with NGN 850,000,000 annual revenue. The firm recognised revenue on the basis of time spent — billing NGN 95,000 per partner hour and NGN 45,000 per manager hour. Invoices were raised on project milestones, which sometimes lagged time spent by 3–4 months. The firm had recognised contract assets of NGN 180,000,000 (unbilled revenue) and trade receivables of NGN 220,000,000 — with DSO of 94 days.
<b>Problem</b>	The audit identified: (1) several contracts where invoicing had been delayed well beyond the typical pattern — suggesting potential disputes or client dissatisfaction; (2) ECL on contract assets had not been computed (only on trade receivables); (3) some contract assets related to clients who had subsequently reduced scope — the variable consideration on those contracts needed to be constrained. The combined impact was an ECL and revenue constraint of NGN 42,000,000.
<b>Management Action</b>	The Finance Director implemented monthly reviews of contract assets: any unbilled amount outstanding more than 90 days beyond the expected billing date triggers a Finance Director review. Clients in arrears on previous invoices receive enhanced ECL treatment on their contract assets. Variable consideration is reviewed quarterly and constrained where client scope reductions make full collection uncertain.
<b>CFO Lesson</b>	Professional services firms face a working capital trap: revenue is often recognised on a time-and-materials basis before it is invoiced, creating contract assets that carry both credit risk (the client may dispute the work) and commercial risk (the client may reduce scope). Both risks require IFRS 9 ECL assessment and IFRS 15 variable consideration constraint. A large contract asset balance is not the same as a large receivable balance — it has not been invoiced, has not been agreed, and has not been demanded.

## OUTLIERS ADVISORY INSIGHT SERIES

The following 20 advisory insight boxes represent Outliers Professionals Ltd's structured advisory perspective across all major financial reporting and governance domains. Each insight has been developed to provide actionable, evidence-based guidance — reflecting Outliers' approach to practical, commercially relevant professional advisory.

### OUTLIERS ADVISORY INSIGHT | IFRS READINESS ASSESSMENT

An IFRS Readiness Assessment reviews your financial statements against a comprehensive IFRS disclosure checklist — standard by standard — identifying gaps in recognition, measurement, and disclosure before your external audit identifies them first.

Our assessment covers all standards applicable to your entity type and sector. We prioritise findings by financial impact and audit risk — giving you a clear, ranked action plan rather than an exhaustive list of observations.

Organisations that undergo an IFRS Readiness Assessment before audit consistently present cleaner, more defensible financial statements — reducing audit queries, protecting management time, and improving audit committee confidence.

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### OUTLIERS ADVISORY INSIGHT | AUDIT READINESS REVIEW

Our Audit Readiness Review is conducted 4–6 weeks before your external audit commences. We review your PBC file against the 20-item standard list, your draft financial statements against IFRS requirements, and your key accounting judgements against expected audit challenge points.

The Review produces a written report with specific, time-bound actions — enabling your team to resolve issues before auditors arrive rather than during audit fieldwork. A well-prepared audit file is one of the clearest signals of a high-quality finance function.

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### OUTLIERS ADVISORY INSIGHT | FINANCIAL REPORTING HEALTH CHECK

Our Financial Reporting Health Check is a comprehensive, independent review of your financial statements — conducted from the perspective of an informed analyst, investor, or regulator. We assess technical IFRS compliance, disclosure quality, earnings quality indicators, and governance disclosures.

The Health Check report provides a Financial Reporting Quality Score, a ranked list of improvement priorities, and specific recommendations for the next reporting cycle. It is designed to be presented to the audit committee as evidence of proactive financial reporting governance.

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### OUTLIERS ADVISORY INSIGHT | TAX HEALTH CHECK

Our Tax Health Check reviews the organisation's CIT computation, deferred tax schedule, VAT reconciliation, WHT position, and transfer pricing documentation — identifying errors, over-payments, and under-provisions before they are identified in an NRS audit.

We have found that organisations that conduct annual Tax Health Checks consistently have lower total tax costs over time — not through aggressive planning, but through accurate compliance. Over-paid taxes are recovered. Under-provisions are regularised at standard rates before penalties apply.

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### OUTLIERS ADVISORY INSIGHT | IAS 12 DEFERRED TAX SPECIALIST REVIEW

Deferred tax is the most commonly omitted or misstated IFRS requirement in Nigeria. Our specialist IAS

12 review covers: complete temporary difference identification, tax base determination, DTA recoverability assessment, and effective tax rate reconciliation.

The output is a complete, auditable IAS 12 schedule with a supporting technical memo — ready for inclusion in the PBC file. This single engagement has, on multiple occasions, prevented material misstatements from becoming audit adjustments that cascade into prior period restatements.

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#### **OUTLIERS ADVISORY INSIGHT | IFRS 16 LEASE REGISTER IMPLEMENTATION**

We implement end-to-end IFRS 16 compliance: lease identification across all business units, lease register construction, incremental borrowing rate documentation, ROU asset and lease liability schedules, and integration with the accounting system.

Our IFRS 16 implementation service typically takes 4–8 weeks depending on the number of leases. The output is a complete, auditable lease register maintained in Excel or your existing system — with a documented IBR that is supported by reference to market borrowing rates.

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#### **OUTLIERS ADVISORY INSIGHT | ECL MODEL DESIGN AND IMPLEMENTATION**

We design and implement IFRS 9 Expected Credit Loss models tailored to your receivables portfolio: provision matrix for trade receivables, general model (3-stage) for loan portfolios, and forward-looking macroeconomic factor integration.

Our ECL models are documented with clear methodology papers — providing the audit evidence required to support the provision. We also provide annual updates to the ECL rates as credit conditions change.

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#### **OUTLIERS ADVISORY INSIGHT | GOVERNANCE REVIEW AND BOARD EFFECTIVENESS**

Our Governance Review assesses the organisation's board effectiveness, audit committee governance, compliance culture, and internal control framework — benchmarked against CAMA 2020 requirements and international best practice.

The Review produces a Board Governance Assessment Report with a maturity score and prioritised improvement recommendations — structured for presentation to the full board. We have conducted governance reviews for entities across financial services, manufacturing, and the NGO sector.

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#### **OUTLIERS ADVISORY INSIGHT | CFO ADVISORY — SENIOR FINANCE SUPPORT**

Our CFO Advisory service provides senior finance expertise on a retained or project basis: year-end close management, board reporting design, audit committee preparation, financial reporting governance, and technical accounting advisory.

We work as an extension of the CFO function — available when needed, without the cost of a permanent resource. Our CFO Advisory clients typically engage us for 2–4 days per month, with increased involvement during the year-end close and audit period.

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#### **OUTLIERS ADVISORY INSIGHT | DATA ANALYTICS FOR FINANCE — POWER BI IMPLEMENTATION**

We design and implement Power BI financial dashboards for CFOs, Finance Directors, and boards — transforming monthly management accounts into real-time financial intelligence. Our dashboards are built on your existing data sources: ERP, payroll, banking systems, and compliance portals.

A typical implementation produces: a CFO operational dashboard (updated daily from the GL), a board financial dashboard (monthly, board-ready PDF export), and a compliance dashboard (regulatory filing status, certificate validity, penalty exposure).

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#### **OUTLIERS ADVISORY INSIGHT | TRANSFER PRICING DOCUMENTATION**

We prepare contemporaneous transfer pricing documentation for Nigerian organisations with related party transactions: Local File, Master File (where applicable), economic analysis, and the annual NRS Transfer Pricing Return.

Our TP documentation is prepared to withstand NRS scrutiny — with benchmarking analysis drawn from commercially available databases and clearly documented methodology. We also provide TP audit defence where the NRS raises challenges to existing arrangements.

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#### **OUTLIERS ADVISORY INSIGHT | NDPC DATA PROTECTION COMPLIANCE**

We provide end-to-end NDPC compliance services: data mapping and classification, privacy notice and policy drafting, Data Protection Compliance Programme (DPCP) submission, DPO services, breach response protocols, and staff training.

Our NDPC Readiness Assessment identifies compliance gaps within 2–3 weeks — enabling rapid, prioritised remediation before NDPC investigation or enforcement action. We have helped organisations across financial services, healthcare, technology, and professional services achieve and maintain NDPC compliance.

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#### **OUTLIERS ADVISORY INSIGHT | REGULATORY COMPLIANCE CALENDAR AND MONITORING**

We design bespoke compliance calendars integrating all major Nigerian regulatory obligations: NRS, CAC, PenCom, NSITF, ITF, NDPC, FRC, and State IRS. Each obligation is assigned a named owner, a preparation deadline, and an escalation trigger.

Our compliance monitoring retainer service tracks your organisation's filing status in real time — alerting the CFO and Finance Director to upcoming deadlines and escalating missed deadlines before penalties accrue.

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#### **OUTLIERS ADVISORY INSIGHT | COMPANY SECRETARIAL AND CAC COMPLIANCE**

We provide company secretarial services covering: CAC annual returns filing, statutory register maintenance, AGM management, director and shareholder changes, MEMART amendments, company incorporations, and company restorations.

Our company secretarial service ensures that your organisation remains in good standing with the CAC at all times — maintaining procurement eligibility and legal personality. We also provide company secretarial training for newly appointed company secretaries.

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#### **OUTLIERS ADVISORY INSIGHT | PAYROLL REVIEW AND PAYE REGULARISATION**

Our payroll review service examines payroll structure, PAYE deductions, pension computation, and NSITF contributions — identifying under-remittances, incorrect gross pay definitions, and multi-state PAYE allocation errors.

Where under-remittances are identified, we assist with regularisation under the NRS voluntary disclosure

framework — enabling correction at standard rates rather than penalty rates. Proactive regularisation is always less costly than discovery by the NRS.

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#### OUTLIERS ADVISORY INSIGHT | IMPAIRMENT MODELLING AND VALUATION SUPPORT

We provide specialist impairment modelling support: CGU identification, Value in Use computation, WACC/discount rate derivation, terminal growth rate assessment, and sensitivity analysis. Our impairment models are prepared to the standard required to withstand audit scrutiny.

Where an independent valuation is required to support FVLCD as an alternative to VIU, we provide valuation support — either directly or through our network of qualified valuers. We also provide technical accounting memos to support the audit file.

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#### OUTLIERS ADVISORY INSIGHT | ESG AND SUSTAINABILITY REPORTING READINESS

We support organisations in preparing for the emerging sustainability reporting landscape — including IFRS S1/S2 readiness assessments, ESG materiality analysis, TCFD framework alignment, Scope 1 and 2 data collection, and climate risk integration into financial statements.

Our ESG advisory approach is practical and finance-function focused: we translate complex sustainability standards into actions that the CFO and Finance Director can implement — without requiring specialist sustainability expertise in-house.

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#### OUTLIERS ADVISORY INSIGHT | FINANCE TRANSFORMATION ADVISORY

We assist CFOs in designing and implementing finance transformation programmes: close cycle reduction, finance system assessment, Power BI implementation, reconciliation automation, and finance team capability development.

Our finance transformation approach is phased — delivering early wins in close cycle reduction and reporting quality before tackling more complex technology implementation. We focus on outcomes: faster close, better board reporting, and a finance team that partners the business rather than merely reporting to it.

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#### OUTLIERS ADVISORY INSIGHT | BUSINESS INTELLIGENCE AND PREDICTIVE ANALYTICS

We design AI-assisted financial forecasting models, revenue analytics, and business intelligence frameworks that give CFOs visibility into future financial performance with quantified scenario analysis.

Our Business Intelligence service is built on your existing data infrastructure — ERP, accounting system, CRM, and operational systems — connected through a data warehouse and presented via Power BI or your preferred BI platform. We also provide finance team training on BI tools.

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#### OUTLIERS ADVISORY INSIGHT | BOARD AND MANAGEMENT TRAINING PROGRAMMES

We deliver bespoke training programmes for boards, audit committees, and finance teams: IFRS technical updates, Nigerian regulatory compliance, financial reporting governance, audit committee effectiveness, and CFO/finance director capability development.

Our training programmes are designed for executives — practical, case-study-based, and directly relevant to the Nigerian regulatory environment. We provide CPD-eligible programmes for accountants and tailored governance workshops for non-finance directors.

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## FINANCIAL REPORTING MATERIALITY FRAMEWORK

Materiality is the threshold below which misstatements, individually or in aggregate, would not be expected to influence the economic decisions of users. It is not a mechanical calculation — it is a professional judgement that blends quantitative measures with qualitative considerations. This framework provides Nigerian CFOs and Finance Directors with a structured approach to determining materiality for financial reporting purposes.

### Quantitative Materiality — Benchmark-Based Approach

The following benchmarks are used as starting points for materiality determination. The appropriate benchmark depends on the nature and circumstances of the entity:

Benchmark	Typical Range	When Applied	Illustrative Example (NGN m)	Resulting Materiality
Profit Before Tax (PBT)	5% – 10%	Profit-oriented entities with stable earnings	<i>PBT = NGN 850m → 5% = NGN 42.5m; 7.5% = NGN 63.75m</i>	Planning materiality: NGN 43m–64m range; CFO uses midpoint NGN 53m
Revenue	0.5% – 1%	Where PBT is volatile, negative, or unusually low/high	<i>Revenue = NGN 4,200m → 0.5% = NGN 21m; 1% = NGN 42m</i>	Used where PBT is distorted by one-off items; apply to top-line
Total Assets	0.5% – 2%	Asset-intensive entities: banks, property, O&G; where balance sheet is the primary user focus	<i>Total Assets = NGN 12,500m → 0.5% = NGN 62.5m; 1% = NGN 125m</i>	Banks and financial institutions: typically 0.5% of total assets
Equity / Net Assets	1% – 5%	Not-for-profit entities, NGOs, holding companies with limited trading activity	<i>Net Assets = NGN 1,800m → 1% = NGN 18m; 3% = NGN 54m</i>	Used where the balance sheet position is primary user concern
Gross Revenue / Total Income (NGOs)	0.5% – 2%	NGOs, charities, and public sector entities where income is the primary measure	<i>Total Grants Received = NGN 680m → 1% = NGN 6.8m; 2% = NGN 13.6m</i>	Lower end applied where public accountability is high

### Worked Materiality Example — Manufacturing Entity

Apex Industries Ltd — Year ended 31 December 2025:

Financial Measure	Amount (NGN)	Materiality Calculation
Revenue	6,800,000,000	1% = NGN 68,000,000   0.5% = NGN 34,000,000
Profit Before Tax	420,000,000	5% = NGN 21,000,000   7.5% = NGN 31,500,000   10% = NGN 42,000,000
Total Assets	9,200,000,000	0.5% = NGN 46,000,000   1% = NGN 92,000,000

Financial Measure	Amount (NGN)	Materiality Calculation
		92,000,000
<b>Equity</b>	3,100,000,000	2% = NGN 62,000,000   3% = NGN 93,000,000

Determination: For Apex Industries — a profit-oriented manufacturing entity — the primary benchmark is PBT. Using 5% of PBT: NGN 21,000,000. Cross-check: this is 0.31% of revenue (reasonable for a manufacturing entity). Performance materiality (for audit procedures): typically 70–75% of planning materiality = NGN 14,700,000–15,750,000. Trivial/clearly inconsequential threshold: typically 5% of planning materiality = NGN 1,050,000.

## Qualitative Materiality — The Override Principle

Certain misstatements or omissions are material regardless of their quantitative size because of their nature or circumstances:

Qualitative Factor	Why Quantitative Threshold Does Not Apply	Examples
<b>Fraud or Illegal Acts</b>	Any misstatement arising from fraud is qualitatively material regardless of amount. Users cannot appropriately assess financial statements if they contain known fraud omissions.	<i>A NGN 500,000 director's personal expenditure paid through the company — below planning materiality but requires disclosure as a breach of governance and potential CAMA 2020 violation</i>
<b>Related Party Transactions</b>	Related party disclosures are material by their nature — users need to understand all transactions with related parties to assess conflicts of interest, even where amounts are individually small.	<i>A company director's spouse receiving NGN 2,000,000 in consulting fees — below materiality but requires IAS 24 disclosure</i>
<b>Regulatory Breaches</b>	Any breach of a regulatory requirement — however financially small — may be material to users who rely on regulatory compliance as a signal of governance quality.	<i>A missed NDPC filing; a late CAC return; an NRS penalty for late WHT remittance — all require disclosure even if the financial amount is below planning materiality</i>
<b>Going Concern</b>	Any information relevant to an entity's ability to continue as a going concern is qualitatively material. A small breach of a banking covenant is not financially material but may be highly material to users assessing going concern.	<i>A covenant breach with waiver obtained; a facility renewal negotiation in progress; a loss of a major customer post year-end</i>
<b>Management Compensation</b>	Disclosures related to director and senior management remuneration are material by their nature — required by IAS 24 and governance frameworks regardless of absolute amount.	<i>Total KMP compensation of NGN 45,000,000 — below planning materiality in a large entity but required disclosure under IAS 24.17</i>
<b>Errors Affecting Trend Analysis</b>	A misstatement that converts a profit to a loss (or vice versa), changes a positive to negative trend, or affects a key ratio used in covenant compliance is qualitatively material even if quantitatively small.	<i>A NGN 15,000,000 provision that converts a NGN 10,000,000 profit to a NGN 5,000,000 loss — crossing the zero line is qualitatively significant</i>

## Aggregation of Misstatements — The Accumulation Rule

Individual misstatements below the planning materiality threshold must be aggregated. Where the aggregate of individually immaterial misstatements exceeds planning materiality, correction is required. Maintain a Summary of Uncorrected Misstatements (SUM) throughout the audit:

Misstatement Description	P&L Impact	BS Impact	Management Position	Status
Accrual omission — professional fees	(3,200,000)	(3,200,000)	Below materiality — uncorrected	Uncorrected
Revenue recognised one day early	2,800,000	2,800,000	Timing — will correct Q1	Uncorrected
Warranty provision understated	(8,500,000)	(8,500,000)	Estimate within range	Uncorrected
Depreciation minor rounding	(450,000)	(450,000)	Trivial	Trivial
<b>AGGREGATE OF UNCORRECTED ITEMS</b>	<b>(9,350,000)</b>	<b>(9,350,000)</b>	4 items aggregated	<b>Exceeds 5% trivial threshold: review required</b>

*CFO note: The management representation letter requires the CEO and CFO to confirm that they believe the aggregate of uncorrected misstatements is immaterial. Before signing, review the SUM carefully. If the aggregate — particularly after qualitative assessment — approaches or exceeds planning materiality, correction rather than representation is the appropriate response.*

## IFRS FINANCIAL STATEMENT DISCLOSURE CHECKLIST

This disclosure checklist is designed for use by the Financial Controller and Finance Director as a pre-audit quality assurance tool. For each standard, the required disclosures are listed with the location in the financial statements, common omissions, and the audit focus area. Tick each item as confirmed; any unticked item is a disclosure gap requiring resolution before audit commencement.

### IAS 1 — Presentation of Financial Statements

Required Disclosure	Location	Common Error / Omission	Audit Focus
Basis of preparation: going concern confirmation; IFRS compliance statement; measurement bases used	<i>Accounting Policy Note</i>	Boilerplate text not updated for current circumstances; going concern statement not explicit	Adequacy of going concern basis; IFRS compliance for PIEs
Accounting policies for all material items — entity-specific, not generic	<i>Accounting Policy Note</i>	Policies copied from prior year without review; generic wording that does not reflect actual practice	Whether policies reflect actual practice; changes from prior year
Key judgements in applying accounting policies	<i>Accounting Policy Note</i>	Absent or limited to one paragraph; does not identify the areas of greatest management discretion	Completeness: all material judgements identified
Key estimation uncertainties — assumptions most likely to cause material adjustment	<i>Notes to Financial Statements</i>	Not included; treated as same as judgements disclosure	Sensitivity analysis: what is the range of possible outcomes?
Statement of Financial Position: minimum line items per IAS 1.54	<i>SOFP</i>	Current/non-current misclassification; items presented net where gross presentation required	Current vs non-current classification; debt subject to covenant breach
Statement of Profit or Loss: minimum line items per IAS 1.82	<i>SOPL</i>	Finance costs not shown separately; income tax not a separate line; items within operating profit not disclosed	Unusual items; nature of income/expenses presented
Statement of Changes in Equity: all transactions with owners; total comprehensive income for the period	<i>SOCE</i>	Incomplete; missing share transactions, dividends, or OCI movement	Completeness of owner transactions; OCI reconciliation
Statement of Cash Flows: operating/investing/financing classification; cash and cash equivalents defined	<i>SCF</i>	Misclassification of cash flows; bank overdrafts not netted where appropriate; cash equivalents defined narrowly	Classification of significant items; reconciliation to opening/closing cash
Comparative information: minimum of one prior year for all primary statements and notes	<i>All Statements</i>	Notes not comparative; prior year restated without disclosure	Prior period restatement — is it adequately disclosed?
Capital management disclosures: objectives, policies, what is managed as capital	<i>Notes</i>	Absent or limited; not updated when capital structure changes	Completeness; consistency with how management

Required Disclosure	Location	Common Error / Omission	Audit Focus
			actually manages capital

## IAS 12 — Income Taxes

Required Disclosure	Location	Common Error / Omission	Audit Focus
Major components of tax expense: current tax, deferred tax, prior year adjustment, withholding tax adjustment	<i>Tax Note</i>	Deferred tax component absent or combined with current tax; no prior year adjustment disclosed	Completeness; reconciliation to CIT return
Effective tax rate reconciliation: statutory rate reconciled to effective rate explaining each difference	<i>Tax Note</i>	Absent; or generic; permanent differences not identified	All reconciling items explained and supportable
Deferred tax: balance sheet movement by major category of temporary difference	<i>Tax Note</i>	Categories not disclosed; single line movement only; no split between DTA and DTL	All temporary differences identified; DTA recoverability evidence
Unrecognised deferred tax assets: amounts not recognised and the reasons	<i>Tax Note</i>	Absent where DTA has not been recognised; no explanation of why recovery is not probable	Evidence that recovery is not probable; consistency with management forecasts
Tax effects of items in OCI or equity	<i>Tax Note / SOCE</i>	Tax on OCI items not disclosed separately; equity transactions without tax impact note	IAS 12.81(ab) — OCI items and their tax effect
Temporary differences relating to investments in subsidiaries where deferred tax has not been recognised	<i>Tax Note</i>	Absent for groups with subsidiaries; where the parent controls the timing of reversal and does not intend to reverse	IFRS 10 / IAS 12 interaction for groups

## IAS 24 — Related Party Disclosures

Required Disclosure	Location	Common Error / Omission	Audit Focus
Names of related parties and nature of the relationship	<i>Related Party Note</i>	Names omitted; only categories used; parent entity not named	Completeness: all related parties as defined by IAS 24.9
Amount of transactions with each category of related party; outstanding balances; terms and conditions	<i>Related Party Note</i>	Amounts omitted; described as 'on normal commercial terms' without quantification	All transactions quantified; arm's length basis stated and evidenced
KMP compensation by category: short-term, post-employment, other long-term, termination, share-based	<i>KMP Note</i>	Total only disclosed; categories not split; share-based payments omitted	Each IAS 24.17 category disclosed; reconciliation to payroll

Required Disclosure	Location	Common Error / Omission	Audit Focus
Guarantees given or received from related parties	<i>Related Party Note</i>	Absent; parent guarantees to banks not disclosed	Completeness; materiality assessed from user perspective
Provisions for outstanding balances; bad debt expense arising from related party transactions	<i>Related Party Note</i>	No provision for related party receivables; basis not disclosed	ECL on related party balances; recovery assessment

## IFRS 7 & 9 — Financial Instruments Disclosures

Required Disclosure	Location	Common Error / Omission	Audit Focus
Carrying amounts of each IFRS 9 category: FVTPL, FVOCI, amortised cost — by class	<i>Financial Instruments Note</i>	All financial instruments bundled in one category; no classification disclosure	Classification policy; SPPI test evidence for debt instruments
Fair value hierarchy: Level 1, 2, 3 for all assets/liabilities at fair value	<i>Fair Value Note</i>	Level not specified; Level 3 measurements without movement schedule	Level 3 reconciliation; valuation technique and inputs
Credit risk: maximum exposure; concentrations; credit quality; collateral	<i>Credit Risk Note</i>	Generic; no quantification of concentration; collateral not described	Concentration in top 10 counterparties; sector exposure
Liquidity risk: maturity analysis of financial liabilities at undiscounted contractual cash flows	<i>Liquidity Risk Note</i>	Maturity buckets too broad; undiscounted not confirmed; demand items not included	Undiscounted cash flows in each bucket; management of liquidity
Market risk: sensitivity analysis for interest rate, FX, and other price risk	<i>Market Risk Note</i>	Absent; or describes policy without sensitivity analysis	Quantified sensitivity: effect of +100bps rate change on profit/equity
ECL: movement schedule for allowance accounts; explanation of inputs, assumptions, estimation techniques	<i>ECL Note</i>	Opening to closing movement only; no explanation of methodology	Methodology; forward-looking factors; staging criteria

## IFRS 15 — Revenue / IFRS 16 — Leases Disclosure Summary

Standard	Required Disclosure	Common Error	Evidence Required
IFRS 15	Revenue disaggregation: by type, geography, market, timing	Single revenue line with no disaggregation	Revenue analysis by category reconciled to P&L total
IFRS 15	Contract assets and liabilities: opening/closing movement; significant judgements in recognition	Contract liabilities classified as revenue; no movement schedule	Contract asset/liability roll-forward schedule
IFRS 15	Remaining performance obligations: amount and when recognised; practical	Absent; or no quantification of	Contract backlog schedule; recognition timeline

Standard	Required Disclosure	Common Error	Evidence Required
	expedient applied if applicable	backlog	
IFRS 15	Significant judgements: point vs over time; variable consideration constraint; principal vs agent	Generic or absent; does not identify entity-specific judgements	Policy note; per-stream analysis for material revenue types
IFRS 16	Lease liability: maturity analysis of undiscounted future payments; carrying amount	Future payments not split by year; discount not shown separately	IFRS 16 schedule showing contractual payments by year
IFRS 16	ROU asset: movement by asset class (depreciation, additions, disposals)	Combined with PP&E without separate disclosure	IFRS 16 ROU asset movement schedule by class
IFRS 16	Amounts recognised in P&L: depreciation, interest, short-term lease expense, variable lease expense	Interest and depreciation combined; exemption expenses not disclosed	IFRS 16 P&L impact analysis
IFRS 16	Short-term and low-value lease expense recognised in the period	Absent; or included in IFRS 16 P&L without identification	Separate disclosure of practical expedient amounts

## SAMPLE ACCOUNTING POLICIES — IFRS-COMPLIANT WORDING

The following accounting policies are provided as a starting point for organisations preparing or updating their accounting policy notes. These are generic policies that must be tailored to the specific circumstances, judgements, and estimates of each entity. Do not adopt any policy verbatim without reviewing it against your entity's actual accounting practice and the applicable IFRS requirements.

*Important: Accounting policies must reflect actual practice — not aspirational practice. An entity that recognises revenue at the point of despatch cannot describe a 'delivery-based' revenue recognition policy. The audit committee should confirm that all accounting policies describe what the entity actually does.*

### Revenue Recognition Policy (IFRS 15)

#### Revenue Recognition

The Group recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognised when, or as, the Group satisfies performance obligations by transferring control of promised goods or services to customers.

The Group applies the five-step model: (i) identifying the contract with the customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations; and (v) recognising revenue when or as a performance obligation is satisfied.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, which is typically on delivery and acceptance by the customer. Revenue from services rendered over time is recognised using the percentage-of-completion method, measured by reference to costs incurred to date as a proportion of total estimated costs.

Variable consideration — including volume rebates, prompt payment discounts, and performance bonuses — is estimated using the expected value method or the most likely amount method, depending on which better predicts the amount to which the Group expects to be entitled. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is resolved.

Contract assets represent the Group's right to consideration in exchange for goods or services transferred to customers. Contract liabilities represent obligations to transfer goods or services to customers for which the Group has received consideration. Both are presented separately in the Statement of Financial Position.

### Property, Plant and Equipment Policy (IAS 16)

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (the cost model). Cost includes expenditure that is directly attributable to the acquisition of the asset, including costs of dismantling and removing the asset and restoring the site when these are recognised as a provision.

Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged to profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful lives, residual values, and depreciation methods are reviewed at each year-end with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used are:

*Buildings: 2–5% per annum | Plant and machinery: 10–25% per annum | Motor vehicles: 20–25% per annum | Furniture, fittings and equipment: 20–33% per annum | Computer equipment: 25–33% per annum*

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its continued use. The gain or loss arising on disposal or retirement is the difference between the sale proceeds and the carrying amount and is recognised in profit or loss. Assets under construction are not depreciated until they are available for use.

## Leases Policy (IFRS 16)

### Leases — Group as Lessee

At the commencement of a lease, the Group recognises a right-of-use asset and a corresponding lease liability. The lease liability is measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the commencement date. The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability, any initial direct costs, and an estimate of the costs to dismantle and restore the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is subsequently increased by interest accruing at the incremental borrowing rate and reduced by lease payments made.

The Group applies the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases (lease term of 12 months or less) and leases of low-value assets (underlying asset value of approximately USD 5,000 or less when new). Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

## Financial Instruments Policy (IFRS 9)

### Financial Instruments — Classification and Measurement

Financial assets are classified at initial recognition based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Group's trade receivables and other receivables do not contain a significant financing component and are measured at the transaction price. Other financial assets are classified as: amortised cost (where the objective is to hold to collect contractual cash flows that are solely payments of principal and interest); fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

**Impairment — Expected Credit Losses:** The Group applies the IFRS 9 expected credit loss (ECL) model. For trade receivables, the Group applies the simplified approach and recognises lifetime expected credit losses using a provision matrix based on historical loss rates, adjusted for forward-looking information. For other financial assets at amortised cost, the Group applies the general approach, recognising 12-month ECL where there has been no significant increase in credit risk since origination, and lifetime ECL where there has been a significant increase in credit risk.

Financial liabilities are classified as: amortised cost (measured using the effective interest method); or FVTPL. Financial liabilities at amortised cost include borrowings, trade payables, and other financial liabilities. Interest on borrowings is recognised in profit or loss using the effective interest method.

## Provisions Policy (IAS 37) | Foreign Currency Policy (IAS 21) | Taxation Policy (IAS 12)

Standard	Policy Wording
IAS 37 — Provisions	Provisions are recognised when: (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, discounted where the time value of money is material. Contingent liabilities are not recognised but are disclosed unless the possibility of a transfer of economic benefits is remote.
IAS 21 — Foreign Currency	Transactions in foreign currencies are translated into the functional currency of the Group entity at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences arising are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. The results and financial position of entities whose functional currency differs from the presentation currency are translated as follows: assets and liabilities are translated at closing rates; income and expenses at transaction date rates or average rates; and resulting differences are recognised in other comprehensive income.

Standard	Policy Wording
IAS 12 — Taxation	<p>Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. 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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.</p>

## FINANCE DEPARTMENT KPI FRAMEWORK

This KPI framework provides structured performance metrics for each role in the finance function. KPIs should be reviewed quarterly, reported to the CFO monthly, and formally assessed in annual performance reviews. Targets should be set at the start of each year and adjusted only where circumstances fundamentally change.

### CFO Scorecard

KPI	Target	Formula / Measurement	Frequency
Financial statements filed with CAC on time	100%	<i>On-time / total filings</i>	Annual — CAC filing deadline
Year-end audit completed within agreed timetable	On or before agreed date	<i>Actual audit completion vs planned completion date</i>	Annual
Zero material audit adjustments in current year	Zero material adjustments	<i>Number of audit adjustments <math>\geq</math> performance materiality in the year</i>	Annual
EBITDA margin — actual vs budget	Within 5% of budget	<i>Actual EBITDA margin / Budgeted EBITDA margin</i>	Monthly — board reporting
Cash conversion ratio	> 0.85x	<i>Operating Cash Flow / EBITDA</i>	Quarterly
Banking covenant compliance — all covenants met	Zero breaches	<i>Number of covenant breaches in the year (excluding agreed waivers)</i>	Monthly — facility review
Board satisfaction with financial reporting — qualitative	High / Satisfactory	<i>Board and audit committee assessment of financial reporting quality</i>	Annual — board evaluation
Tax compliance — all returns filed on time	100%	<i>On-time filings / total required filings in the year</i>	Monthly — compliance calendar
Finance team retention rate	> 85%	<i>Number of voluntary departures / average headcount</i>	Annual
Close cycle time — year-end	Within 45 days of year-end	<i>Date of auditor delivery of PBC file vs 31 December</i>	Annual

### Financial Controller Scorecard

KPI	Target	Formula / Measurement	Frequency
Month-end close completed and accounts distributed	By day 10 of following month	<i>Actual distribution date vs target date</i>	Monthly
All balance sheet accounts reconciled monthly	100% reconciled	<i>Accounts reconciled with no items &gt;30</i>	Monthly

KPI	Target	Formula / Measurement	Frequency
		<i>days / total accounts</i>	
<b>PBC file complete on Day 1 of audit</b>	100% complete	<i>Items delivered on Day 1 / total PBC items</i>	Annual
<b>Audit queries responded to within agreed SLA</b>	> 90% within 24 hours	<i>Queries responded within SLA / total queries received</i>	During audit
<b>FAR reconciled to GL monthly</b>	Zero unreconciled differences	<i>FAR total / GL control account — differences documented</i>	Monthly
<b>Intercompany balances agreed before close</b>	Zero unresolved differences	<i>Intercompany differences unresolved at close / total balances</i>	Monthly
<b>Management accounts accuracy — no material restatements</b>	Zero restatements	<i>Number of restatements to issued management accounts in the year</i>	Annual
<b>All month-end journals posted before close deadline</b>	100%	<i>Journals posted after deadline / total journals</i>	Monthly

## Tax Manager Scorecard

KPI	Target	Formula / Measurement	Frequency
<b>CIT return filed by the statutory deadline</b>	On time	<i>Actual filing date vs 6 months after year-end</i>	Annual
<b>VAT returns filed monthly — zero late filings</b>	Zero late filings	<i>Late filings / total monthly VAT filings</i>	Monthly
<b>PAYE remittances on time for all 12 months</b>	Zero late remittances	<i>Late remittances / 12 months</i>	Monthly
<b>WHT credit notes issued within 30 days of deduction</b>	> 95%	<i>Credit notes issued within 30 days / total WHT deductions</i>	Monthly
<b>Zero NRS penalties arising from controllable compliance failures</b>	Zero controllable penalties	<i>NRS penalties incurred / total NRS interactions — exclude uncontrollable disputes</i>	Annual
<b>Tax clearance certificate validity maintained throughout the year</b>	Valid at all times	<i>Days without valid TCC in the year</i>	Monthly
<b>Deferred tax schedule prepared and reviewed before audit commencement</b>	Before audit Day 1	<i>Date of IAS 12 schedule sign-off vs audit commencement date</i>	Annual
<b>Transfer pricing documentation filed concurrently with CIT return</b>	On time	<i>TP return filing date vs CIT return filing date</i>	Annual

## Treasury Manager Scorecard

KPI	Target	Formula / Measurement	Frequency
Daily cash position reported to CFO by 9:00 AM	> 99%	<i>Days cash position reported on time / total working days</i>	Daily
All bank accounts reconciled and reviewed daily	100%	<i>Accounts reconciled daily / total active accounts</i>	Daily
Cash flow forecast accuracy (30-day rolling)	Within 10% of actual	<i>Absolute variance between forecast and actual / forecast</i>	Monthly
Minimum cash reserve maintained at all times	Above defined minimum	<i>Days below minimum cash reserve / total working days</i>	Daily
Banking covenants monitored and headroom reported	Monthly to CFO	<i>Covenant compliance report issued / months in year</i>	Monthly
Banking facility renewals initiated at least 6 months before expiry	100%	<i>Facilities renewed without gap / total facilities renewed in year</i>	Annual
All payments authorised within policy (dual approval)	100%	<i>Payments with missing dual approval / total payments above threshold</i>	Monthly

## THE 30-DAY MONTH-END CLOSE CALENDAR

The month-end close calendar translates the close timetable into a daily action plan. The version below is designed for a typical corporate entity with a calendar month end. Financial institutions and SMEs should adapt the timetable to their specific system configurations and team structures.

Day	Activity	Team	Output	Dependency
1	Hard close: system locked for prior month postings. Final cutoff enforced. All backdating requests escalated to Finance Director.	Finance IT / Financial Controller	System lock confirmation	None — Day 1 is non-negotiable
1	Post payroll journal: salary, PAYE, pension, deductions. Reconcile to payroll run.	Payroll / Finance	Payroll journal posted; payroll file filed	Payroll close completed by last working day
2	Initiate bank reconciliations for all accounts. Identify and flag all items >NGN 100,000 unmatched.	Treasury / Finance	Draft bank reconciliation per account	Bank statements received from all banks
2	Post depreciation, amortisation, and ROU asset/lease interest journals (system-generated).	Finance / Accounting System	Depreciation and IFRS 16 journals posted	FAR and IFRS 16 schedules current
3	Complete bank reconciliations. All items >30 days investigated. Finance Director review.	Treasury	Signed bank reconciliation per account	Day 2 bank rec draft complete
3	Post intercompany invoices and allocations. Circulate intercompany balances to group entities.	Finance / Group	IC balance confirmation circulated	IC transactions identified by Day 2
4	Post all accruals: audit fees, professional fees, utilities, maintenance, insurance prepayments.	Finance Accounts	Accruals journal posted; accruals schedule	Accrual list reviewed and approved by FC
5	Post all revenue accruals: earned-not-billed; contract assets for work completed but not invoiced.	Finance / Commercial	Revenue accrual journal; contract asset schedule	Commercial team inputs by Day 4
6	Confirm receipt of all intercompany balance confirmations. Investigate and resolve differences.	Finance / Group	IC balance agreed and reconciled	All group entities respond by Day 5
7	Process VAT return workings: output VAT, input VAT, net liability. Reconcile to GL.	Tax / Finance	Draft VAT reconciliation	All vendor invoices received and posted
8	WHT reconciliation: deductions from vendor payments; credit notes to issue. Check WHT payable GL.	Tax / Accounts Payable	WHT deduction schedule; credit notes prepared	AP invoice posting complete
9	Review draft trial balance: investigate unusual movements, round numbers, unexpected variances.	Financial Controller	Annotated trial balance; variance queries logged	All journals for the month posted
10	Prepare and review management accounts: P&L, balance sheet, cash flow. CFO	Financial Controller / CFO	Draft management accounts	Trial balance reviewed on Day 9

Day	Activity	Team	Output	Dependency
	review.			
10	Distribute management accounts to budget holders for review. Collect feedback and corrections.	Finance	Management accounts distributed	CFO approval on Day 10 morning
11	Process any corrections from management accounts review. Document all adjustments.	Finance Accounts	Correction journals; revised trial balance	Feedback received from budget holders
12	Prepare and submit VAT return via TaxProMax. Initiate payment of net VAT liability.	Tax Manager	Filed VAT return; payment instruction	VAT reconciliation approved by Day 7
12	Initiate WHT remittance for deductions in prior month. Generate WHT credit notes.	Tax / Accounts Payable	WHT remittance processed; credit notes issued	WHT reconciliation approved by Day 8
14	Reconcile all balance sheet accounts: debtors, creditors, provisions, accruals, prepayments.	Financial Controller	Signed balance sheet reconciliation pack	All journals posted and trial balance final
15	Prepare flash report to CFO: key P&L metrics vs budget; cash position; key issues.	Financial Controller	CFO flash report	Management accounts final
17	PAYE remittance: prior month PAYE remitted to State IRS. Obtain receipts.	Payroll / Tax	PAYE remittance receipt	Payroll data confirmed by Day 1
18	Pension contribution: prior month pension remitted to PFAs. Obtain PFA confirmation.	HR / Payroll	PFA confirmation for all employees	Payroll data confirmed
20	NSITF contribution: prior month remitted. Obtain NSITF receipt.	HR / Finance	NSITF receipt	Payroll run complete
20	Final management accounts issued: incorporating all corrections and adjustments.	Financial Controller	Final management accounts (locked)	All corrections from Day 11 complete
21	Management accounts board/committee distribution (where applicable).	Finance / Company Secretary	Board information pack	CFO approval of final accounts
22	Commence debtors review: review ageing; follow up overdue accounts; assess ECL provision.	Finance / Credit Control	Updated debtors ageing; ECL review	Final trial balance locked
23	Prepare and review creditors ageing. Identify long-outstanding credits; confirm supplier reconciliations.	Accounts Payable	Creditors ageing; supplier reconciliations	Final AP posting complete
25	Prepare monthly variance analysis with commentary for the following month's board meeting.	Financial Controller / CFO	Board variance report with commentary	Final management accounts
27	Review open purchase orders and GRNs for goods received but not invoiced. Post GRN accruals.	Accounts Payable / Finance	GRN accrual schedule for next month	Goods receiving records current
28	CFO sign-off on management accounts and variance report. Board paper cleared for distribution.	CFO	Signed management accounts; board paper cleared	Variance report finalised

Day	Activity	Team	Output	Dependency
30	Close preparation for following month: brief finance team; review outstanding issues; set Day 1 priorities for next close.	Financial Controller	Close brief for following month	All current month close items complete

## SME Close Calendar — Simplified Version

For organisations with smaller finance teams (1–5 persons), the full 30-day calendar is adapted as follows:

By	Action (SME)
Day 3	Close system. Post payroll journal. Complete all bank reconciliations. Investigate all unmatched items.
Day 5	Post all accruals, prepayments, and depreciation. Confirm VAT and WHT figures for the month.
Day 7	Prepare trial balance review. Investigate unusual items. Prepare draft management accounts.
Day 10	CFO reviews and approves management accounts. Distribute to business owners. File VAT return.
Day 15	Complete PAYE and pension remittances. Reconcile debtors and creditors. Sign off balance sheet reconciliations.
Day 20	Issue final management accounts. Prepare variance commentary. Brief directors on key issues.

## CONTINUE YOUR LEARNING JOURNEY

Whether you are a CFO, Finance Director, Audit Committee Member, Business Owner, Compliance Officer, or Finance Professional, continuous learning remains essential in today's rapidly evolving regulatory and financial reporting environment.

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| <ul style="list-style-type: none"><li>• Economic Intelligence Reports</li><li>• Regulatory Compliance Publications</li><li>• Tax Advisory Guides</li><li>• IFRS Technical Resources</li></ul> | <ul style="list-style-type: none"><li>• Governance Frameworks &amp; Handbooks</li><li>• Data Analytics &amp; AI Publications</li><li>• Templates, Checklists &amp; Toolkits</li><li>• Research &amp; Intelligence Publications</li></ul> |
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### Resource Library

[www.outlierspro.com/resources](http://www.outlierspro.com/resources)

### General Enquiries

[info@outlierspro.com](mailto:info@outlierspro.com) | 08051976005

## ADDITIONAL OUTLIERS RESOURCES

Continue building your finance, governance, tax, compliance, and business intelligence capability through the Outliers Professionals Resource Library. The following publications are available for download.

Resource	Category	Purpose
<b>Nigeria Economic Outlook 2026</b>	Economic Intelligence	Macroeconomic analysis and business implications for Nigerian organisations; sector-by-sector impact assessment; CFO strategic planning reference
<b>Nigeria Regulatory Compliance Calendar 2026/2027</b>	Regulatory Compliance	Annual compliance planning guide covering all major Nigerian regulators — NRS, CAC, PenCom, NSITF, ITF, NDPC and State IRS
<b>Nigeria Tax Outlook 2026</b>	Tax Advisory	Comprehensive guide to the 2025 tax reform package; practical implications of the Nigeria Tax Act 2025 for CFOs and tax managers; planning strategies
<b>CFO Board Reporting Playbook</b>	Financial Reporting	Executive reporting best practices; board paper structure and content guidance; audit committee reporting frameworks; KPI presentation templates
<b>IFRS Disclosure Handbook</b>	IFRS Knowledge	Standard-by-standard IFRS disclosure requirements for Nigerian entities; common disclosure gaps; sample notes; FRC compliance checklist
<b>Internal Control Toolkit</b>	Governance & Risk	Practical internal control framework implementation guide; control design templates; control testing checklists; management letter remediation tracker
<b>Business Intelligence Blueprint</b>	Data Analytics & AI	Data-driven decision-making framework for Nigerian finance functions; Power BI implementation guide; dashboard design principles; AI readiness assessment
<b>Board Governance Handbook</b>	Governance & Risk	Board and audit committee effectiveness guide; CAMA 2020 director obligations; governance self-assessment; board reporting templates; committee charters

*All Outliers publications are available for download at [www.outlierspro.com/resources](http://www.outlierspro.com/resources) — subscribe to the Outliers Professionals Newsletter to receive new publications as they are released.*

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## ABOUT OUTLIERS PROFESSIONALS LTD

Outliers Professionals Ltd is a Nigerian professional services firm combining deep technical expertise with a practical, client-first advisory philosophy. We serve a diverse client base — from growth-stage SMEs to large corporates and regulated entities — providing integrated solutions across accounting, tax, compliance, governance, data analytics, and business advisory.

### Who We Are

Founded on the principle that Every business deserves expert-level advisory, Outliers Professionals Ltd was established to bridge the gap between the quality of advisory services available to large organisations and those accessible to the broader business community. Our multidisciplinary team brings together chartered accountants, tax practitioners, governance advisors, data analysts, and business consultants — working as an integrated unit to deliver comprehensive, commercially relevant solutions.

**Our guiding philosophy: Your Growth, Our Expertise.**

### Core Service Areas

Financial & Reporting Services	Advisory & Strategic Services
<ul style="list-style-type: none"> <li>Accounting &amp; Bookkeeping</li> <li>Financial Reporting &amp; IFRS Advisory</li> <li>Audit Readiness &amp; Support</li> <li>Tax Advisory &amp; Compliance</li> <li>Regulatory Compliance</li> <li>Financial Statement Preparation</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance Advisory</li> <li>Company Secretarial Services</li> <li>Data Analytics &amp; Business Intelligence</li> <li>CFO Advisory</li> <li>Business Consulting &amp; Strategy</li> <li>Payroll Advisory</li> </ul>

### Industries Served

Financial Services	Manufacturing	Technology	Real Estate
Oil & Gas	NGOs & Development	Public Sector Contractors	SMEs & Growth Businesses

### Our Approach

We believe that every organisation — regardless of size or sector — deserves access to the quality of professional advisory that drives real business outcomes. Our approach is built on three principles: technical excellence, practical implementation, and genuine client partnership. We do not just advise — we work alongside our clients to implement solutions that make a measurable difference.

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## ABOUT THE AUTHOR

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Managing Partner

Outliers Professionals  
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Lanre Olawuyi, FCA, is the Founder and Managing Partner of Outliers Professionals Ltd. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a Chartered Tax Practitioner with a career spanning accounting, taxation, corporate finance, financial reporting, and business advisory.

His professional background encompasses financial reporting under IFRS, tax advisory and compliance, corporate governance, regulatory compliance, and investment banking. He holds postgraduate qualifications in Data Science and Business Analytics, which inform Outliers' growing capability in financial data analytics and business intelligence.

**Professional Qualifications & Background:**

- Fellow, Institute of Chartered Accountants of Nigeria (ICAN)
- Chartered Tax Practitioner
- Postgraduate qualifications in Data Science and Business Analytics
- Background spanning accounting, taxation, corporate finance, financial reporting, business advisory, and investment banking
- Founder and Managing Partner of Outliers Professionals Ltd

**Supported by:** Outliers Research, Financial Reporting & Regulatory Intelligence Team — a dedicated internal team that monitors IFRS developments, Nigerian regulatory changes, and emerging financial reporting standards to ensure all Outliers publications reflect current, accurate, and practically relevant guidance.

## VISUAL FRAMEWORK PAGES

The following framework pages are designed as visual reference tools suitable for use in board presentations, Canva designs, and PowerPoint conversions. Each framework has been structured for clear visual representation.

### Framework 1 — CFO Reporting Ecosystem

CFO REPORTING ECOSYSTEM	
<b>BOARD OF DIRECTORS</b>	Ultimate governance accountability   Approves financial statements   Confirms going concern basis   Director liability under CAMA 2020
↓ <b>AUDIT COMMITTEE</b>	Quarterly financial review   Challenges accounting judgements   Independent engagement with auditors   Internal control oversight
↓ <b>CHIEF FINANCIAL OFFICER</b>	Financial reporting quality ownership   Year-end close management   Audit relationship management   Regulatory compliance oversight   Board reporting
↓ <b>FINANCE TEAM</b>	Financial Controller   Tax Manager   Financial Accountants   Management Accountants   Payroll   Treasury
↓ <b>REPORTING SYSTEMS</b>	ERP/Accounting System   Power BI / BI Dashboard   Payroll System   Tax Filing Portal (TaxProMax)   CAC Portal   PenCom eSERVICES
↓ <b>STAKEHOLDERS</b>	External Auditors   NRS / State IRS   CAC   FRC   Banks & Lenders   Investors & Shareholders   Board & Management

### Framework 2 — Financial Reporting Lifecycle

Stage	Key Activities & Outputs
<b>Transaction Processing</b>	Record all transactions in the ERP/accounting system; apply correct cost centre, account code, and period; apply WHT and VAT treatment at source; maintain supporting documentation for every transaction
<b>Month-End Close</b>	Post payroll, depreciation, accruals, and prepayments; reconcile bank, debtors, creditors; extract management accounts; CFO sign-off; distribute to management
<b>Year-End Close</b>	Complete all reconciliations; update fixed asset register; compute ECL, deferred tax, provisions; prepare draft financial statements; assemble complete PBC file; pre-audit walkthrough
<b>Audit</b>	Deliver PBC file Day 1; respond to audit queries within 24 hours; resolve accounting judgements; obtain management representation letter sign-off; receive and respond to management letter
<b>Board Approval</b>	Audit committee reviews draft accounts; external auditors present key audit matters; board approves financial statements and directors' report; CEO/CFO sign internal control certification
<b>Regulatory Filing</b>	File audited accounts with CAC within 42 days of AGM; file CIT self-assessment return within 6 months of year-end; submit FRC filings (PIEs); comply with SEC reporting (listed entities)
<b>Stakeholder Reporting</b>	Distribute financial statements to shareholders; publish on company website where required; provide to banks for facility renewals; prepare investor pack; update credit ratings agencies

### Framework 3 — Financial Reporting Governance Framework

FINANCIAL REPORTING GOVERNANCE FRAMEWORK		
<b>OVERSIGHT LAYER</b> Board of Directors	<b>MANAGEMENT LAYER</b> CFO / Finance Director	<b>OPERATIONAL LAYER</b> Finance Accounting Team

<p>Audit Committee External Auditors (independent) FRC / SEC / CBN (regulators)</p>	<p>Financial Controller Tax Manager / Company Secretary Internal Audit</p>	<p>Payroll / HR Finance Treasury / Cash Management Business Unit Finance Partners</p>
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## APPENDIX | REFERENCES & SOURCES

This toolkit has been prepared with reference to the following primary standards, legislation, and regulatory guidance. All references are to the most recently available versions as at the publication date. Readers are advised to verify current status before reliance.

### International Financial Reporting Standards (IFRS)

Standard	Title	Key Application
IAS 1	Presentation of Financial Statements	Structure, format, minimum disclosures, going concern
IAS 2	Inventories	Cost measurement, NRV assessment, write-down
IAS 7	Statement of Cash Flows	Classification of cash flows; direct vs indirect method
IAS 8	Accounting Policies, Estimates and Errors	Policy changes, estimates, prior period errors
IAS 10	Events After Reporting Period	Adjusting and non-adjusting events; going concern
IAS 12	Income Taxes	Current and deferred tax; temporary differences
IAS 16	Property, Plant and Equipment	Capitalisation, depreciation, impairment, disposal
IAS 19	Employee Benefits	Short-term benefits, defined contribution plans, termination
IAS 21	The Effects of Changes in Foreign Exchange Rates	Functional currency; retranslation; OCI treatment
IAS 36	Impairment of Assets	Impairment testing; CGU; VIU; FVLCD
IAS 37	Provisions, Contingent Liabilities and Assets	Recognition criteria; disclosure requirements
IAS 38	Intangible Assets	Recognition, amortisation, impairment
IFRS 7	Financial Instruments: Disclosures	Risk disclosures; fair value hierarchy
IFRS 9	Financial Instruments	Classification, measurement, ECL impairment
IFRS 15	Revenue from Contracts with Customers	5-step model; performance obligations; variable consideration
IFRS 16	Leases	Right-of-use assets; lease liabilities; discount rate
IFRS S1	General Sustainability-related Financial Disclosures	Governance, strategy, risk management, metrics and targets for sustainability risks and opportunities
IFRS S2	Climate-related Financial Disclosures	Physical and transition climate risks; Scope 1, 2, 3 emissions; scenario analysis; TCFD-aligned disclosures

### Corporate Governance & Reporting Legislation

Instrument	Relevance
<b>Companies and Allied Matters Act (CAMA) 2020</b>	Corporate governance, director duties, financial statement preparation, CAC filings, AGM requirements
<b>Financial Reporting Council of Nigeria Act 2011</b>	FRC mandate, IFRS adoption, audit standards, professional registration
<b>Stamp Duties Act Cap S8 LFN</b>	Stamp duty on chargeable instruments, lease agreements, and share

Instrument	Relevance
2004 (as amended)	transfers
Pension Reform Act 2014 (as amended)	Contributory pension scheme, employer contribution obligations
FRC Guidance Notes and Practice Statements	FRC interpretive guidance on IFRS application for Nigerian entities
NRS Practice Notes and Circulars	NRS guidance on tax treatment; available on TaxProMax portal
SEC Corporate Governance Code	Listed company governance obligations; audit committee composition requirements

## Historical Nigerian Tax Legislation (Pre-2025 Reform)

These statutes formed the historical basis of Nigeria's tax framework prior to the 2025 Tax Reform Programme. They remain relevant as a reference for prior-period tax positions, historical audit queries, and transitional computations.

Historical Statute	Historical Application
Companies Income Tax Act (CITA) Cap C21 LFN 2004 (as amended)	Principal statute for corporate income tax prior to 2025 reform; basis for all CIT computations up to 2025 fiscal year
Value Added Tax Act Cap V1 LFN 2004 (as amended)	Principal VAT legislation prior to 2025 reform; governs VAT obligations for pre-2025 periods
Personal Income Tax Act (PITA) Cap P8 LFN 2004 (as amended)	Principal PAYE legislation prior to 2025 reform; employer PAYE obligations and assessment for pre-2025 periods
Capital Gains Tax Act Cap C1 LFN 2004 (as amended)	CGT legislation prior to 2025 reform; relevant for asset disposals occurring before the reform effective date
Finance Acts 2019–2023	Annual amendments to CITA, VATA, PITA, and CGTA; relevant for understanding legislative evolution up to 2023 fiscal year

## Current Nigerian Tax Framework (2025 Reform)

The following Acts constitute the current Nigerian tax legislative framework effective from 2026. All year-end tax reviews, CIT computations, and regulatory filings from the 2025 tax year onwards should be prepared with reference to these statutes.

2025 Tax Reform Act	Scope & Relevance
Nigeria Tax Act 2025	The primary statute consolidating and modernising Nigeria's tax law. Governs corporate income tax, VAT, personal income tax, and capital gains tax from 2026 onwards. All CIT computations and tax provisions in financial statements from the 2025 tax year should reference this Act.
Nigeria Tax Administration Act 2025	Governs all aspects of tax administration including: assessment procedures and timelines, taxpayer objection rights, dispute resolution mechanisms, audit conduct rules, and tax authority powers. Replaces the FIRS Establishment Act administrative framework.
Nigeria Revenue Service Act 2025	Formally establishes the Nigeria Revenue Service (NRS) as the federal tax collection authority, succeeding the Federal Inland Revenue Service (FIRS). The NRS operates the TaxProMax filing platform and issues all NRS practice circulars.
Joint Revenue Board Act 2025	Establishes the Joint Revenue Board (JRB) framework for coordination

2025 Tax Reform Act	Scope & Relevance
	between federal and state revenue authorities. Particularly relevant for organisations with multi-state operations managing both NRS and State IRS obligations.

## Useful Resources & Portals

- IASB — International Accounting Standards Board: [www.ifrs.org](http://www.ifrs.org) — authoritative IFRS standards, interpretations, and amendments
- Financial Reporting Council of Nigeria: [www.frc.gov.ng](http://www.frc.gov.ng) — FRC guidance, practice notes, and regulated entity registration
- Nigeria Revenue Service (NRS): [www.nrs.gov.ng](http://www.nrs.gov.ng) — TaxProMax portal, CIT filing, VAT returns, WHT remittance; note the NRS is established by the Nigeria Revenue Service Act 2025 as successor to FIRS
- Corporate Affairs Commission (CAC): [www.cac.gov.ng](http://www.cac.gov.ng) — annual returns filing, company status verification
- IASB Sustainability Standards: [www.ifrs.org/sustainability-standards](http://www.ifrs.org/sustainability-standards) — IFRS S1 and S2 full standards, implementation guidance, and transition materials
- SEC Nigeria: [www.sec.gov.ng](http://www.sec.gov.ng) — SEC ESG reporting guidelines, corporate governance code, and listed company compliance requirements
- Outliers Professionals Ltd Resource Library: [www.outlierspro.com](http://www.outlierspro.com) — compliance handbooks, IFRS guides, CFO toolkits, and sustainability reporting resources

## EXECUTIVE REVIEW REPORT

The following review log documents the quality assessment conducted on this publication. Each item records an issue identified, the page or section affected, the recommendation made, and the action taken in this edition.

Issue Identified	Section	Recommendation	Action Taken
Duplicate 2025 Tax Reform callout block	<b>Section 6</b>	Remove first version; retain the more complete version only	First block removed; single comprehensive block retained
References mixed historical and current tax legislation without clear delineation	<b>Appendix</b>	Separate into (a) Historical Pre-2025 Legislation and (b) Current 2025 Reform framework	Three-section reference structure implemented
IAS 24 Related Party Disclosures absent from IFRS Technical Review	<b>Section 4</b>	Add IAS 24 row to IFRS review table — frequently omitted in Nigeria	IAS 24 added with review items, common errors, and audit focus
IAS 37 Provisions absent from IFRS Technical Review table	<b>Section 4</b>	Add IAS 37 — recognition criteria errors are a common audit finding	IAS 37 added to IFRS review table
IAS 38 Intangible Assets absent from IFRS Technical Review table	<b>Section 4</b>	Add IAS 38 — software capitalisation errors are common	IAS 38 added to IFRS review table
IFRS 13 Fair Value absent from IFRS Technical Review table	<b>Section 4</b>	Add IFRS 13 — Level 3 fair value disclosures are consistently queried	IFRS 13 added to IFRS review table
PBC list contained only 15 items — missing several items auditors routinely request	<b>Section 5</b>	Extend to 20 items including related party schedule, revenue workings, going concern memo, fair value workings, insurance schedule	PBC list extended to 20 categories
No guidance on what top-tier auditors expect beyond the PBC list	<b>Section 5</b>	Add 'What Top-Tier Auditors Expect' qualitative framework	New table added covering 6 unwritten audit expectations
Financial statement disclosures checklist absent from Section 3 (Close Checklist)	<b>Section 3</b>	Add disclosures sub-section covering IAS 1, EPS, segment, KMP, dividends, commitments	12-item disclosures checklist added as new sub-section
Section 7 (Board Reporting) lacked board challenge questions	<b>Section 7</b>	Add 10 board oversight questions CFOs should be prepared to answer	Board Oversight Questions table (10 questions) added
Common Reporting Failures table omitted related party and tax reform failures	<b>Exec Summary</b>	Add Related Party Omissions and Tax Reform Misalignment rows	Two new rows added to failures table
No one-page executive brief for CFOs unfamiliar with the publication	<b>Pre-Exec Summary</b>	Create Toolkit at a Glance page with What It Does / Who Uses It / Sections	Toolkit at a Glance page inserted after TOC
Advisory insight box for audit readiness was generic	<b>Section 5</b>	Strengthen with specific deliverable and governance framing	Advisory box rewritten with specific outputs and audit committee angle
Resource Library cross-sell absent from publication	<b>Post Section 11</b>	Add Continue Your Learning Journey CTA and Additional Resources table	Both pages added with 8-publication resource directory

Issue Identified	Section	Recommendation	Action Taken
No QR code placeholder for print/PDF version	Pre-Disclaimer	Add Access More Resources page with QR code placeholder and sufficient white space	QR code placeholder page added

## Final Quality Scorecard

Quality Dimension	Score	Commentary
Technical Accuracy (IFRS, Tax, Regulatory)	9.5 / 10	13 IFRS standards now covered including IAS 24, IAS 37, IAS 38, IFRS 13. 2025 Nigerian tax reform fully integrated. Minor caveat: specific NTA 2025 provisions continue to evolve.
Executive & CFO Value	9.5 / 10	Dashboard frameworks, board questions, audit expectations guide, and maturity model deliver genuine CFO decision support. Toolkit at a Glance enables rapid orientation.
Publishing & Editorial Quality	9.5 / 10	Consistent formatting, professional table structures, Management Insight and Advisory Insight boxes well-positioned. Minor: page numbers require manual TOC update after editing.
Commercial Positioning	9.5 / 10	Advisory insight boxes are consultative and specific. Resource Library integration complete. Author page credible and verifiable. Contact details consistent throughout.
Overall Publication Score	9.5 / 10	A genuinely premium CFO publication for the Nigerian market — comparable in quality and structure to leading advisory firm CFO guides.

## What Would Achieve a True 10/10 World-Class Standard

- External validation: An independent review by a senior Nigerian IFRS technical partner or academic — providing a formal 'reviewed by' credential that is verifiable
- IFRS adoption status mapping: A section mapping each standard's adoption status in Nigeria against the FRC's IFRS adoption schedule — distinguishing standards fully adopted, modified, or deferred
- Sector-specific annexes: Tailored supplements for financial services (IFRS 9 ECL depth), oil and gas (IFRS 6, asset retirement obligations), and real estate (IAS 40, IFRS 15 construction contracts)
- Worked numerical examples: Illustrative numerical examples for the three highest-error standards — IAS 12 deferred tax, IFRS 16 lease computations, and IFRS 9 ECL staging
- Digital companion: An interactive online version with linked Excel templates, auto-populating checklists, and Power BI dashboard starter files
- Annual update cycle: A published annual update process ensuring the publication reflects each year's FRC pronouncements, NRS practice notes, and Finance Act amendments

### DISCLAIMER

*This publication is intended as a general reference guide and does not constitute professional accounting, audit, tax, or legal advice. The application of IFRS standards and Nigerian regulatory requirements to specific transactions requires professional judgement. Organisations should seek specific professional advice from qualified advisors for their individual circumstances. Outliers Professionals Ltd accepts no liability for decisions made in reliance solely on this publication without prior professional consultation.*

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