



THE TONY ELUMELU  
FOUNDATION

**IFRS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**



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**CORPORATE INFORMATION**

<b>TRUSTEES:</b>	Mr. Tony O. Elumelu, CON - Founder/Chairman Dr. Awele V. Elumelu
<b>CHIEF EXECUTIVE OFFICER</b>	Parminder Vir
<b>SECRETARY:</b>	Mr. Obong Idiong 1A, Macgregor Road Ikoyi, Lagos.
<b>REGISTERED OFFICE:</b>	1A, Macgregor Road Ikoyi, Lagos.
<b>AUDITORS:</b>	Ernst & Young 10 <sup>th</sup> & 13 <sup>th</sup> floor UBA House 57, Marina Lagos, Nigeria.
<b>BANKER:</b>	United Bank for Africa Plc.



**CORPORATE INFORMATION – Continued**

SOLICITORS:

Templars

4th Floor, the Octagon

13A, AJ Marinho Drive

Victoria Island

Lagos.

M.E. Esonanjour & Co.

27, Oyewole Street

Palmgrove – Ilupeju

Lagos.

RC NO.:

CAC/IT/39632

WEBSITE:

[www.tonyelumelufoundation.org](http://www.tonyelumelufoundation.org)



## **REPORT OF THE TRUSTEES**

### **FOR THE PERIOD ENDED 31 DECEMBER 2013**

The Trustees have pleasure in presenting to the Foundation, their report together with the audited financial statements for the Period ended 31 December 2013.

#### **PRINCIPAL ACTIVITIES**

The Tony Elumelu Foundation is an Africa-based and African-funded not-for-profit institution dedicated to the promotion and celebration of excellence in business leadership and entrepreneurship across Africa.

#### **RELATIONSHIP WITH OTHER ORGANISATIONS**

##### **Membership**

1. Foundations Community (World Economic Forum)
2. Rockefeller Philanthropy (Global Impact Initiative)
3. Clinton Global Initiative (CGI)
4. Aspen Network of Development Entrepreneurs (ANDE)
5. Global Impact Investing Network (GIIN)

##### **Partnerships**

1. African Grant Makers Network (Event Hosting Partnership)
2. Co-Creation Hub (Partnership on Research & Publication)
3. Brenthurst Foundation (Partnership on Research & Publication)



## REPORT OF THE TRUSTEES - Continued

### STATE OF AFFAIRS

In the opinion of the Trustees, the state of the Foundation's affairs is satisfactory and no events have occurred since the reporting date, which would affect the financial statements as presented.

### RESULT FOR THE PERIOD

	N'000
Total revenue	793,290
Total expenses	(736,188)
	-----
Excess of revenue over expenses	57,102
	=====

### PROPERTY AND EQUIPMENT

Information relating to changes in fixed assets is given in Note 14 to the financial statements.

### TRUSTEES

The names of the Trustees at the date of this report and of those who held office during the year are as follows:

Mr. Tony Elumelu, CON                      -                      Founder/Chairman

Dr. Awele V. Elumelu



## **REPORT OF THE TRUSTEES - Continued**

### **TRUSTEES' INTEREST IN CONTRACTS**

None of the Trustees has notified the Foundation for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 of any direct or indirect interest in contracts with which the Foundation is involved as at 31 December 2013.

### **EMPLOYMENT OF DISABLED PERSONS**

It is the Foundation's policy to consider disabled persons for employment, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged. It is the policy of the Foundation that the training, as far as possible, be identical with that of other employees. The Foundation had one physically challenged person in its employment as at 31 December 2013.

### **HEALTH, SAFETY AND WELFARE AT WORK OF EMPLOYEES**

Employees are adequately insured against occupational hazards. In addition, medical facilities at specified limits are provided to employees and their immediate Family members at the Foundation's expense.

The Foundation places considerable value on the involvement of its employees in its affairs and has continued its practice of keeping them informed on matters affecting them as employees. In line with this, formal and informal channels of communication are employed in keeping employees abreast of factors affecting the performance of the Foundation.

### **EMPLOYEES' DEVELOPMENT AND TRAINING**

The Foundation organizes in house and external training for its employees based on the requirements of their job. Overseas courses are also arranged where necessary.



## REPORT OF THE TRUSTEES - Continued

### FORMAT OF THE FINANCIAL STATEMENTS

The financial statements are presented in accordance with International Financial Reporting Standards, and provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011. The Trustees consider that the format adopted is the most suitable for the Foundation.

### SUBSEQUENT EVENTS

As stated in Note 29, no events or transactions have occurred since the reporting date which would have a material effect on the financial statements as presented.

### AUDITORS

Ernst and Young have indicated their willingness to continue in office as Auditors to the Foundation in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD



Obong Jiong

SECRETARY

21 December 2015





**STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2013**

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Trustees to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Foundation at the end of the period and of its profit or loss. The responsibilities include ensuring that the Foundation:

- a) keeps proper accounting records that disclose with reasonable accuracy, the financial position of the Foundation with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimate, in conformity with International Financial Reporting Standards and requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Foundation and its profit or loss. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the Foundation will not remain a going concern for at least twelve months from the date of this statement.

Mr. Tony O. Elumelu, CON  
Chairman  
FRC/2013/CIBN/00000002590

Mrs. Awele V. Elumelu  
Trustee  
FRC/2013/MDCAN/00000004705

21 December 2015



Building a better  
working world

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## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE TONY ELUMELU FOUNDATION

### Report on the financial statements

We have audited the accompanying financial statements of The Tony Elumelu Foundation, which comprise the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

### Trustees' responsibility for the financial statements

The Foundation's Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the relevant standards issued by the financial Reporting Council of Nigeria and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from internal material misstatements, whether due to fraud or error.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of, material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of The Tony Elumelu Foundation as at 31 December 2013 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council Act No. 6, 2011.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES  
OF THE TONY ELUMELU FOUNDATION - Continued**

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Foundation, so far as it appears from our examination of those books, and
- iii) the Foundation's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Funmi Ogundlowo FCA, FRC/2013/ICAN/00000000681

For: Ernst & Young  
Lagos, Nigeria.



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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2013**

<b>In thousands of naira</b>	<b>Notes</b>	<b>9 months ended 31 December 2013</b>	<b>12 months 31 March 2013</b>
Endowment funds	6	663,862	978,771
Finance income	11	2,048	17,606
Other income	12	127,380	424
<b>Total Revenue</b>		<b>793,290</b>	<b>996,801</b>
Grant expenses	7	(173,529)	(73,177)
Shared service expenses		(164,610)	(220,110)
AMIP program expenses		(65,696)	(69,125)
Travel expenses		(47,533)	(72,600)
Event & publicity expenses		(44,316)	(66,529)
Depreciation expenses	14	(2,548)	(2,500)
Personnel expenses	8	(39,679)	(133,038)
Professional and consulting expenses	9	(99,925)	(38,643)
Other operating expenses	10	(90,661)	(139,681)
Finance and other charges	13	(7,691)	(2,240)
<b>Total expenses</b>		<b>(736,188)</b>	<b>(817,643)</b>
<b>Surplus for the period/ year</b>		<b>57,102</b>	<b>179,158</b>
<b>Other comprehensive income:</b>			
<i>Items to be subsequently reclassified to surplus or deficit:</i>			
Fair value changes in available-for-sale financial assets	23	309,724	1,438,567
<b>Total other comprehensive income</b>		<b>309,724</b>	<b>1,438,567</b>
<b>Total comprehensive income for the period/year</b>		<b>366,826</b>	<b>1,617,725</b>



**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

In thousands of naira	Notes	9 months ended 31 December 2013	31 March 2013	18 months ended 1 April 2012
<b>Assets</b>				
Property, plant and equipment	14	5,947	7,976	6,307
Available-for-sale financial assets	15	3,151,774	2,425,626	460,787
<b>Total non-current assets</b>		<b>3,157,721</b>	<b>2,433,602</b>	<b>467,094</b>
<b>Current assets</b>				
Loans and receivables	16	21,996	7,972	3,140
Other receivables	17	169	11	-
Inventories	18	1,239	-	-
Prepayments	19	20,276	38,813	3,750
Cash and cash equivalents	20	58,159	37,239	443,155
<b>Total current assets</b>		<b>101,839</b>	<b>84,035</b>	<b>450,045</b>
<b>Total assets</b>		<b>3,259,560</b>	<b>2,517,637</b>	<b>917,139</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Accumulated surplus	23	1,041,335	984,233	805,075
Available-for-sale reserve	23	1,782,661	1,472,937	34,370
<b>Total equity</b>		<b>2,823,996</b>	<b>2,457,170</b>	<b>839,445</b>
<b>Current liabilities</b>				
Interest bearing borrowings	21	389,670	-	-
Account and other payables	22	45,894	60,467	77,694
<b>Total current liabilities</b>		<b>435,564</b>	<b>60,467</b>	<b>77,694</b>
<b>Total equity and liabilities</b>		<b>3,259,560</b>	<b>2,517,637</b>	<b>917,139</b>

Mr. Tony O. Elumelu, CON  
Chairman  
FRC/2013/CIBN/00000002590

Mrs. Awele V. Elumelu  
Trustee  
FRC/2013/MDCAN/00000004705

Nonso Okpala  
Chief Finance Officer  
FRC/2013/ICAN/00000004697



<b>6</b>	<b>Endowment funds</b>	31 December 2013	31 March 2013
	In thousands of naira		
	Endowment funds in cash	447,412	688,041
	Endowment funds in kind	216,450	290,730
		<u>663,862</u>	<u>978,771</u>
		=====	=====
<b>7</b>	<b>Grant expenses</b>		
	In thousands of naira		
	Elumelu legacy prize awards	3,132	4,998
	Grants	170,397	68,179
		<u>173,529</u>	<u>73,177</u>
		=====	=====
<b>8</b>	<b>Personnel expenses</b>		
	In thousands of naira		
	Defined contribution expense	1,337	1,642
	Short term benefits expense	38,342	131,396
		<u>39,679</u>	<u>133,038</u>
		=====	=====
<b>9</b>	<b>Professional and consulting expenses</b>		
	In thousands of naira		
	Consulting expenses	93,515	35,243
	Professional expenses	4,207	3,400
		<u>99,925</u>	<u>38,643</u>
		=====	=====



	31 December 2013	31 March 2013
<b>10 Other operating expenses</b>		
In thousands of naira		
Rents and rates	69,489	69,443
Stationery expenses	925	775
Logistics	871	1,236
Advertising expenses	7,143	20,394
Entertainment expenses	-	316
Fuel expenses	-	1,167
Governance expenses	-	2,033
Insurance expenses	428	30
Sponsorship expenses	1,317	1,555
Research expenses	-	17,616
Security expenses	-	397
Utility expenses	-	158
Subscriptions	7,238	12,051
Repairs & maintenance	11	538
General office expenses	3,239	11,972
	<u>90,661</u>	<u>139,681</u>
	=====	=====
<b>11 Finance income</b>		
Interest income on deposits	2,004	17,481
Interest income on loans and advances	44	125
	<u>2,048</u>	<u>17,606</u>
	=====	=====
<b>12 Other income</b>		
In thousands of naira		
Dividend income	126,720	-
Other income	660	424
	<u>127,380</u>	<u>424</u>
	=====	=====
<b>13 Finance and other charges</b>		
In thousands of naira		
Bank charges	502	385
Exchange difference	7,189	1,855
	<u>7,691</u>	<u>2,240</u>
	=====	=====



#### 14 Property, plant and equipment

<i>In thousands of naira</i>	Motor Vehicles	Plant and Equipment	Computer Equipment	Total
<b>Cost:</b>				
As at 1 April 2012	8,000	-	1,220	9,220
Additions	3,295	659	215	4,169
<b>As at 31 March 2013</b>	<b>11,295</b>	<b>659</b>	<b>1,435</b>	<b>13,389</b>
Additions			519	519
<b>As at 31 December 2013</b>	<b>11,295</b>	<b>659</b>	<b>1,954</b>	<b>13,908</b>
<b>Accumulated depreciation:</b>				
As at 1 April 2012	2,533	-	380	2,913
Additions	2,030	41	429	2,500
<b>As at 31 March 2013</b>	<b>4,563</b>	<b>41</b>	<b>809</b>	<b>5,413</b>
Depreciation charge for the period	2,012	124	412	2,548
<b>As at 31 December 2013</b>	<b>6,575</b>	<b>165</b>	<b>1,221</b>	<b>7,961</b>
<b>Net Book Value:</b>				
As at 1 April 2012	5,467	-	840	6,307
<b>As at 31 March 2013</b>	<b>6,732</b>	<b>618</b>	<b>626</b>	<b>7,976</b>
<b>As at 31 December 2013</b>	<b>4,720</b>	<b>494</b>	<b>733</b>	<b>5,947</b>





**15 Available-for-sale financial assets**

In thousands of naira	31 December 2013	31 March 2013	31 March 2012
Quoted equities			
Quoted equities:			
United Bank for Africa Plc. (See Note (a) below)	3,035,103	2,308,955	423,536
unquoted equities			
Unquoted equities:			
Mtanga Farms Limited	37,251	37,251	37,251
African Exchange Commodities Market	79,420	79,420	-
	<u>3,151,774</u>	<u>2,425,626</u>	<u>460,787</u>
	=====	=====	=====

Mtanga Farms Limited and African Exchange Commodities Market are both in their pre-operational stages and their fair value could not be reliably measured and as such are carried at the cost of investment. There are no indicators as at the reporting date that the Foundation's investment in these companies is impaired. Based on this, no impairment has been charged on these investments.

Analysis of available-for-sale financial assets:

In thousands of naira	31 December 2013	31 March 2013
(a) Quoted equities:		
Opening Balance	2,308,955	423,536
Purchases/Addition	416,424	446,852
Disposals	-	-
Valuation gains	309,724	1,438,567
Closing Balance	<u>3,035,103</u>	<u>2,308,955</u>
	=====	=====
(b) Unquoted equities:		
Opening Balance	116,671	37,251
Purchases/Addition	-	79,420
Closing Balance	<u>116,671</u>	<u>116,671</u>
	=====	=====



	31 December 2013	31 March 2013	31 March 2012
<b>16 Loans and receivables</b>			
In thousands of naira			
Account receivables	-	4,394	-
Receivables from related parties	18,119	1,582	-
Staff loans	3,036	1,057	2,179
Staff advances	841	939	961
	<u>21,996</u>	<u>7,972</u>	<u>3,140</u>
	=====	=====	=====
<b>17 Other receivables</b>			
In thousands of naira			
Withholding tax receivable	169	11	-
	<u>169</u>	<u>11</u>	<u>-</u>
	=====	=====	=====
<b>18 Inventory</b>			
Publication stocks	1,239	-	-
	<u>1,239</u>	<u>-</u>	<u>-</u>
	=====	=====	=====
<b>19 Prepayments</b>			
In thousands of naira			
Prepaid insurance	151	3,760	-
Prepaid rents and rates	20,125	35,053	3,750
	<u>20,276</u>	<u>38,813</u>	<u>3,750</u>
	=====	=====	=====
<b>20 Cash and cash equivalents</b>			
In thousands of naira			
Cash in hand	-	3	101
Cash in bank	32,764	11,841	249,825
Call deposits	25,395	25,395	-
Treasury bills	-	-	193,230
	<u>58,159</u>	<u>37,239</u>	<u>443,155</u>
	=====	=====	=====



Cash and cash equivalents for the purpose of cash flow statement:

	31 December 2013	31 March 2013
In thousands of naira		
Cash in hand	-	3
Cash in bank	32,764	11,841
Call deposits	25,395	25,395
	<u>58,159</u>	<u>37,239</u>
	=====	=====

**21 Interest bearing borrowings**

	31 December 2013	31 March 2013	31 March 2012
In thousands of naira			
Borrowings from related parties	389,670	-	-
	<u>389,670</u>	<u>-</u>	<u>-</u>
	=====	=====	=====

**22 Account and other payables**

	31 December 2013	31 March 2013	31 March 2012
In thousands of naira			
Account payable	570	803	-
Other payables	8,142	14,982	5,093
PAYE	444	1,026	276
Withholding tax payable	1,698	10,294	4,948
Employee benefit payable	23,036	26,495	15,836
Payable to related parties	12,004	6,867	51,541
	<u>45,894</u>	<u>60,467</u>	<u>77,694</u>
	=====	=====	=====

**23 Equity**

**23.1 Accumulated surplus**

Accumulated surplus warehouses the surplus or deficit reported in previous reporting years and subsequent years' statement of comprehensive income.

**23.2 Available for sale reserve**

The Available-for-sale reserve warehouses the fair value changes on quoted equities measured at fair value with fair value changes recognised through other comprehensive income at the end of each reporting date.

**23.3 Movement in the items of other comprehensive income**

	31 December 2013	31 March 2013
In thousands of naira		
Gain arising from re-measurement of available-for-sale	309,724	1,438,567
	<u>309,724</u>	<u>1,438,567</u>
	=====	=====



**24 Fair value of financial instruments**

The financial instruments held by the Foundation comprises cash and cash equivalents, available-for-sale financial assets, loans and receivables, account receivables, receivables from related parties and interest bearing borrowings.

The following financial instruments were measured at amortized cost; cash and cash equivalent, loans and receivables, account receivables, receivables from related parties and interest bearing borrowings.

The carrying value of the Foundation's financial instruments measured at amortized cost approximates their fair value as at the reporting date.

**25 Financial risk management**

The Tony Elumelu Foundation's activities and holding of financial instruments expose it to financial risk namely, market risk, credit risk and liquidity risk. This note describes the Foundation's objectives, policies and processes for managing those risks.

**25.1 Market risk**

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. The Foundation is exposed to the following market risk; foreign currency risk and equity price risk.

**25.1.1 Foreign currency risk**

The Foundation's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities (when Trustees' contributions, grants and bank deposits are denominated in a different currency from the Foundation's functional currency). The Foundation manages its foreign currency risk through carrying out sensitivity analysis, forecasting its foreign exchange positions and taking appropriate positions. The effect of any foreign currency risk exposure is recognized in the statement of comprehensive income

**Foreign currency sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in USD, GBP & EURO exchange rates, with all other variables held constant. The impact on the Foundation's Comprehensive income is due to changes in the fair value of monetary assets and liabilities.



In thousands	%	Effect in Comprehensive Income Strengthening	Effect in Comprehensive Income Weakening
31 December 2013			
Euro	5	37	(37)
USD	5	(342)	342
GBP	5	5	(5)
31 March 2013			
Euro	5	167	(167)
USD	5	5	(5)
GBP	5	44	(44)

### 25.1.2 Equity price risk

The Foundation's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The movement in listed equity is reflected immediately in the carrying amount of the investment at every reporting date. The Foundation's Trustees review and approve all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was N'3,035,102,769. A decrease of 10% on the Nigerian Stock Exchange (NSE) market index could have an impact of approximately N'303,510,277 on the income or equity attributable to the Foundation's depending on whether the decline is significant or prolonged.

### 25.2 Credit risk

Credit risk arises from cash and cash equivalents, and short term deposits with banks and financial institutions, including outstanding receivables and committed transactions. The Foundation assesses the credit quality of counter parties, taking into account their financial position, past experience and other factors. Staff loans are secured by employee salaries and deductions are made at source. The utilisation of credit limits is regularly monitored to ensure debts are easily collected.

Cash is held either on current or on short-term deposits at floating rates of interest. Part of the cash at bank is held in Euros, Pounds sterling and US dollar accounts.

Credit risk from balances with banks and financial institutions is managed by the Foundation's Treasury Unit in accordance with the Foundation's risk management policy.

The table below shows the Foundation's maximum exposure to credit risk

In thousands of naira	31 December 2013	31 March 2013	1 April 2012
Loans and receivables	21,996	7,972	3,140
Cash and cash equivalent	58,159	37,239	443,155



### 25.3 Liquidity risk

The Tony Elumelu Foundation manages its working capital to ensure sufficient cash resources are maintained to meet short-term liabilities. To manage this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity using maturity profile analysis

The table below summarizes the maturity profile of the Foundation's financial assets and liabilities based on contractual undiscounted payments.

<i>In thousands of naira</i>	<b>On demand</b>	<b>1-3 months</b>	<b>3 -12 months</b>	<b>No maturity</b>	<b>Total</b>
<b>31 December 2013</b>					
<b>Financial assets</b>					
Available-for-sale financial assets	-	-	-	3,151,774	3,151,774
Loans and receivables	841	-	3,036	18,119	21,996
Cash and cash equivalents	58,159	-	-	-	58,159
	-----	-----	-----	-----	-----
	59,000	-	3,036	3,169,893	3,231,929
	-----	-----	-----	-----	-----
<b>Financial liabilities</b>					
Interest bearing borrowings	-	-	-	389,670	389,670
Account and other payables	20,716	-	-	-	20,716
	-----	-----	-----	-----	-----
	20,716	-	-	389,670	410,386
	=====	=====	=====	=====	=====
<b>Total liquidity gap</b>	38,284	-	3,036	2,780,223	2,821,543
	=====	=====	=====	=====	=====
<b>31 March 2013</b>					
<b>Financial assets</b>					
Available-for-sale financial assets	-	-	-	2,425,626	2,425,626
Loans and receivables	939	-	1,057	5,976	7,972
Cash and cash equivalents	37,239	-	-	-	37,239
	-----	-----	-----	-----	-----
	38,178	-	1,057	2,431,602	2,470,837
	-----	-----	-----	-----	-----
<b>Financial liabilities</b>					
Interest bearing borrowings	-	-	-	-	-
Account and other payables	22,653	-	-	-	22,653
	-----	-----	-----	-----	-----
	22,653	-	-	-	22,653
	=====	=====	=====	=====	=====
<b>Total liquidity gap</b>	15,525	-	1,057	2,431,602	2,448,184
	=====	=====	=====	=====	=====



	On demand	1-3 months	3 -12 months	No maturity	Total
<i>In thousands of naira</i>					
<b>1 April 2012</b>					
<b>Financial assets</b>					
Available-for-sale financial assets	-	-	-	460,787	460,787
Loans and receivables	961	-	2,179	-	3,140
Cash and cash equivalents	443,155	-	-	-	443,155
	-----	-----	-----	-----	-----
	444,116	-	2,179	460,787	907,082
	-----	-----	-----	-----	-----
<b>Financial liabilities</b>					
Interest bearing borrowings	-	-	-	-	-
Account and other payables	56,634	-	-	-	56,634
	-----	-----	-----	-----	-----
	56,634	-	-	-	56,634
	=====	=====	=====	=====	=====
<b>Total liquidity gap</b>	<b>387,482</b>	<b>-</b>	<b>2,179</b>	<b>460,787</b>	<b>850,448</b>
	=====	=====	=====	=====	=====

The Foundation also has a contingency funding plan, which would be activated in the event of sudden liquidity pressure.

## 26 Capital Management

The Tony Elumelu Foundation has N'102million of liquid funds and N'3billion in quoted equities as at the period ended 31 December 2013. Investments in equities are all in mainstream products on active, regulated stock exchanges. The portfolio is valued at year-end using market prices. The remaining cash is held on deposit with banks or in short-term financial instruments to be available within periods of between one day and three months.



## 27 Related party disclosures

The relationship between the Foundation and its related parties are disclosed below, irrespective of whether there were transactions between them during the reporting year or not.

	<b>Name of Company</b>	<b>Relationship</b>
	Transcorp Plc	Common control
	Tenoil Petroleum & Energy Services Limited	Common control
	Heirs Insurance Brokers Limited	Common control
	AVON Healthcare Services Limited	Common control
	Africa Prudential Registrars Plc	Common control
	UBA Capital Plc	Common control
	Afriland Properties Plc	Common control
	Heirs Holdings Limited	Common control
	AVON Medical Services Limited	Common control
	Heirs Alliance Limited	Common control
	HH Capital Limited	Common control
	Consolidated Trust Fund Limited	Common control
	First Regular Services Limited	Common control
	African Exchange Commodities Market	Common control





The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

In thousands of naira	31 December 2013	31 March 2013
Borrowings from related parties		
Heirs Holdings Limited	389,670 =====	- =====

In thousands of naira

Payable to related parties

Tenoil Petroleum & Energy Services Limited	3,597	2,219
Heirs Holdings Limited	1,759	-
Heirs Alliance	572	572
HH Capital Limited	1,000	1,000
Consolidated Trust Fund Limited	300	300
First Regular Services Limited	3,776 =====	1,776 =====

Payables to related parties are without tenor and no asset have been pledged. The Foundation's obligation to its related parties could be met by transfer of cash and cash equivalent.

In thousands of naira	31 December 2013	31 March 2013
Receivables from related parties		
African Exchange Commodities Market	17,845 =====	1,497 =====

Key management personnel

None of the Trustees received any emoluments during the period.

Balances with key management personnel

In thousands of naira	31 December 2013	31 March 2013
Borrowings		
Tony Elumelu (TOE)	1,000 =====	1,000 =====



**28 Contingent liabilities, commitments and operating lease arrangements**

There were no known contingent liabilities and capital commitments as at 31 December 2013.

**29 Events after reporting date**

No significant events have occurred after the balance sheet date which have a material effect on the financial statements, or the omission of which will make the financial statements misleading as to the financial position of the Foundation.



**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	<b>Accumulated</b>	<b>Available-for-sale</b>	
<i>In thousands of naira</i>	<b>surplus</b>	<b>reserve</b>	<b>Total</b>
<b>As at 1 April 2012</b>	<b>805,075</b>	<b>34,370</b>	<b>839,445</b>
Surplus for the year	179,158	-	179,158
Other comprehensive income	-	1,438,567	1,438,567
	-----	-----	-----
<b>As at 31 March 2013</b>	<b>984,233</b>	<b>1,472,937</b>	<b>2,457,170</b>
Surplus for the period	57,102	-	57,102
Other comprehensive income	-	309,724	309,724
	-----	-----	-----
<b>As at 31 December 2013</b>	<b>1,041,335</b>	<b>1,782,661</b>	<b>2,823,996</b>
	=====	=====	=====



**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2013**

In thousands of naira	Notes	31 December 2013	31 March 2013
Operating activities			
Surplus for the year		57,102	179,158
Non-cash adjustment:			
Depreciation of property, plant and equipment	14	2,548	2,500
Finance income		(2,048)	(17,606)
Foreign exchange loss		7,189	1,855
Working capital adjustments:			
Changes in other receivables		(158)	(11)
Changes in loans and receivables		(14,024)	(4,834)
Changes in prepayments		18,537	(35,063)
Changes in inventory		(1,239)	-
Changes in account and other payables		(14,573)	(17,227)
Interest received		2,048	17,606
Net cash flows from operating activities		<b>55,382</b>	<b>126,378</b>
Investing activities			
Acquisition of property, plant and equipment		(519)	(4,169)
Acquisition of available-for-sale financial assets		(416,424)	(526,270)
Net cash flows used in investing activities		<b>(416,943)</b>	<b>(530,439)</b>
Financing activities			
Proceeds from borrowings		389,670	-
Net cash flows from financing activities		<b>389,670</b>	-
Net increase/ (decrease) in cash and cash equivalents		28,109	(404,061)
Net foreign exchange differences		(7,189)	(1,855)
Cash and cash equivalents as at beginning		37,239	443,155
Cash and cash equivalents as at closing		<b>58,159</b>	<b>37,239</b>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 DECEMBER 2013

#### 1 Corporate Information

The Tony Elumelu Foundation was founded in 2010. It was incorporated in Nigeria as a not-for-profit institution on 20 July 2010 and commenced operations on 1 October 2010.

The Tony Elumelu Foundation is an Africa-based and African-funded not-for-profit institution dedicated to the promotion and celebration of excellence in business leadership and entrepreneurship across Africa. The Foundation strives to deploy its resources to generate solutions to challenges that inhibit the growth of the African private sector.

The Foundation is domiciled in Nigeria with its registered office at 1A MacGregor Road, Ikoyi, Lagos state, Nigeria.

The financial statements of the Foundation for the period ended 31 December 2013 were authorised for issue in accordance with a resolution of the Trustees on 21 December 2015.

#### 2 Accounting Policies

##### 2.1 Basis of preparation

The financial statements of The Tony Elumelu Foundation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2012, the Tony Elumelu Foundation prepared its financial statements in accordance with local generally accepted accounting practice (Local GAAP). These financial statements for the period ended 31 December 2013 are the first the entity has prepared in accordance with IFRS.

The financial statements have been prepared on a historical cost basis, except available-for-sale (AFS) financial assets that have been measured at fair value.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N000), except when otherwise indicated.

The Foundation presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

The financial information presented for the period ended 31 December 2013 is for a period of nine (9) months while the comparative is for twelve (12) months and the figures are not entirely comparable.



## **2.2 Summary of significant accounting policies**

### **2.2.1 Foreign currencies**

The Foundation's financial statements are presented in Naira, which is also the Foundation's functional currency used in measuring all items in the financial statements.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Foundation at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of comprehensive income are also recognised in OCI or statement of comprehensive income, respectively).

### **2.2.2 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The Foundation's revenue exists in the form of endowment funds.

#### Endowment Funds

Endowment funds are contribution made to the Foundation by the trustees and other third parties. This can be in the form of cash or kind. Endowment is recognised as revenue on accrual basis when no significant uncertainty as to its collectability exists

#### Interest income

For all financial instruments measured at amortized cost, interest income is recognised using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of comprehensive income.

#### Dividends

Revenue is recognised when the Foundation's right to receive the payment is established, which is generally when shareholders approve the dividend.



### 2.2.3 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Foundation recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Property, plant and equipment transferred from customers is initially measured at the fair value at the date on which control is obtained. The straight-line method is used to depreciate the cost less any estimated residual value of the assets over their expected useful lives.

The Foundation estimates the useful lives of assets in line with their beneficial periods. Where a part of an item of plant and equipment has different useful life and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately. The useful lives of the Foundation's plant and equipment for the purpose of depreciation are as follows:

Property, Plant and Equipment	Years
Plant and machinery	4
Motor vehicles	4
Computer equipment	3

An item of plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.2.4 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Foundation as a lessee

The Foundation lease commitments relate to operating leases for office space. The Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.



### 2.2.5 Financial Instruments

Financial assets and financial liabilities are recognized on the Foundation's statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument. The Foundation determines the classification of its financial assets and liabilities at initial recognition.

All financial assets and liabilities are recognized initially at fair value plus or minus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through statement of comprehensive income.

Subsequent measurement

#### (i) Financial assets

The subsequent measurement of financial assets depends on their classification.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through statement of comprehensive income, loans and receivables, held-to-maturity, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, if any.

The Foundation's financial assets include available-for-sale financial assets, loans and receivables and cash and short term deposits.

Available-for-sale financial investments

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is de-recognized, at which time, the cumulative gain or loss is recognized in other income, or determined to be impaired, at which time the cumulative loss is reclassified to the Statement of comprehensive income in finance costs and removed from the available-for-sale reserve.

Where the fair value of the available-for-sale financial investment cannot be reliably measured, it is carried at its cost value.

The Foundation evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Foundation may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Foundation has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the intention and ability to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to statement of other comprehensive income over the remaining life of the investment using the effective interest rate.





Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of comprehensive income.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in finance costs in the statement of comprehensive.

This category generally applies to account receivables. For more information on receivables, refer to Note 16.

#### **Cash and short term deposit**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts (if any).

#### **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- The rights to receive cash flows from the asset have expired;
- The Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Foundation has transferred substantially all the risks and rewards of the asset, or (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Foundation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Foundation's continuing involvement in it. In such case, the Foundation also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Foundation has retained.



### **Impairment of financial assets**

The Foundation assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### **Financial assets carried at amortized cost**

For financial assets carried at amortized cost, the Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Foundation. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.



#### Available-for-sale (AFS) financial investments

For AFS financial investments, the Foundation assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significance' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

## (ii) Financial liabilities

### Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus or minus, in the case of loans and borrowings, directly attributable transaction costs.

### Subsequent measurement

The measurement of financial liabilities depends on their classifications.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Foundation's financial liabilities include Accounts and other payables and loans and borrowings.

### Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are de-recognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of comprehensive income.

### Accounts and other payables

Accounts and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Accounts and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.



### **De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in statement of comprehensive income.

### **(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### **2.2.6 Impairment of non-financial assets**

The Foundation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Foundation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Foundation bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Foundation's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Foundation estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of comprehensive income.



### 2.2.7 Provisions

#### General

Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Foundation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Foundation, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote. Where the Foundation makes contributions into a separately administered fund for restoration, environmental or other obligations, which it does not control, and the Foundation's right to the assets in the fund is restricted, the obligation to contribute to the fund is recognized as a liability where it is probable that such additional contributions will be made.

### 2.2.8 Pension benefits

The Foundation operates a defined contribution plan in line with the provisions of the Pension Reform Act 2004. This plan is in proportion to the services rendered to the Foundation by the employees with no further obligation on the part of the Foundation.

The Foundation and its employees each contribute 7.5% of employees' current salaries and designated allowances to the scheme in 2013. Staff contributions to the scheme are funded through payroll deductions while the Foundation's contribution is recorded as personnel expenses in the statement of comprehensive income.

### 2.2.9 Inventory

Inventory is defined as assets held for sale in the ordinary course of business or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

The Foundation's inventory primarily consists of books and publications. Inventories are initially recognized at cost, and subsequently measured at the lower of cost and net realizable value on a first-in-first-out basis. Cost comprises all costs of purchase and other directly attributable costs incurred in bringing the inventories to their present location and condition as intended by management.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



#### **2.2.10 Taxation**

For Nigeria tax purposes, the Tony Elumelu Foundation is classified as a not-for-profit, tax-exempt organization.

#### **2.2.11 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- in the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Foundation. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Foundation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Foundation determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

For the purpose of fair value disclosures, the Foundation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **3 Significant accounting judgments, estimates and assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in



outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Foundation has identified the following areas where significant judgments, estimates and assumptions are required, and where if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies are described in the relevant notes to the financial statements.

#### **Property, plant and equipment**

The Foundation carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Foundation's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Foundation reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively.

#### **4 Standards issued but not yet effective**

Standards issued but not yet effective that relates to the Foundation or is likely to have material impact on the Foundation up to the date of issuance of the Foundation's financial statements are listed below. This listing is of standards and interpretations issued, which the Foundation reasonably expects to be applicable at a future date. The Foundation intends to adopt those standards when they become effective if it is applicable to it.

##### **IFRS 9 Financial Instruments**

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015.

The adoption of IFRS 9 will have an effect on the classification and measurement of the Foundation's financial assets, but no impact on the classification and measurement of the Foundation's financial liabilities.

##### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue



**First-time adoption of IFRS**

**Reconciliation of total comprehensive income for the year ended 31 March 2013**

		NGAAP Balance	Re- measurement	Re- classification	IFRS Balance
<i>In thousands of naira</i>	Notes	31 March 2013	Adjustments	Adjustments	31 March 2013
Revenue	E	978,771	-	(978,771)	-
Other income	E	18,030	-	(18,030)	-
Endowment funds	E	-	-	978,771	978,771
		-----	-----	-----	-----
		<b>996,801</b>	<b>-</b>	<b>(18,030)</b>	<b>978,771</b>
<b>EXPENDITURE</b>					
Grants expenses	E	(73,177)	-	-	(73,177)
Administrative expenses	E	-	-	-	-
Audit fee	E	(1,500)	-	1,500	-
AMIP program	E	(69,125)	-	-	(69,125)
Bank charges	E	(385)	-	385	-
Depreciation	E	(2,676)	-	2,676	-
Depreciation and amortization expenses	A	-	176	(2,676)	(2,500)
Fuel	E	(1,167)	-	1,167	-
Governance	E	(2,033)	-	2,033	-
Events and publicity	E	(66,529)	-	-	(66,529)
Insurance	E	(30)	-	30	-
Logistics	E	(1,236)	-	1,236	-
Other administrative expenses	E	(35,817)	-	35,817	-
Professional and consulting expenses	E	(18,389)	-	(1,500)	(19,889)
Rent	E	(69,120)	-	69,120	-
Repairs and maintenance	E	(538)	-	538	-
Research	E	(17,616)	-	17,616	-
Shared service expenses	E	(220,110)	-	-	(220,110)
Sponsorship	E	(842)	-	842	-
Personnel expenses	E	(151,792)	-	-	(151,792)
Subscriptions	E	(12,051)	-	12,051	-
Travel expense	E	(72,600)	-	-	(72,600)
Utility	E	(158)	-	158	-
Other operating expenses	E	-	-	(139,681)	(139,681)
		-----	-----	-----	-----
<b>Operating surplus</b>		<b>179,910</b>	<b>176</b>	<b>16,718</b>	<b>163,368</b>
Finance income	E	-	-	17,606	17,606
Other income	E	-	-	424	424
Finance and other charges	E	-	-	(2,240)	(2,240)
		-----	-----	-----	-----
<b>Surplus for the year</b>		<b>179,910</b>	<b>176</b>	<b>(928)</b>	<b>179,158</b>
		=====	=====	=====	=====





First-time adoption of IFRS

Reconciliation of total comprehensive income for the year ended 31 March 2013 - Continued

		NGAAP Balance	Re- measurement	Re- classification	IFRS Balance
<i>In thousands of naira</i>	Notes	31 March 2013	Adjustments	Adjustments	31 March 2013
<b>Other comprehensive income:</b>					
<i>Items to be subsequently reclassified to surplus or deficit:</i>					
Fair value changes in available-for-sale financial assets	<b>B</b>	-	-	1,438,567	1,438,567
		-----	-----	-----	-----
<b>Total other comprehensive income</b>		-	-	<b>1,438,567</b>	<b>1,438,567</b>
		-----	-----	-----	-----
<b>Total comprehensive income for the year</b>		<b>179,910</b>	<b>176</b>	<b>1,437,639</b>	<b>1,617,725</b>
		-----	-----	-----	-----



Reconciliation of statement of financial position as at 31 March 2013

<i>In thousands of naira</i>	Notes	NGAAP Balance 31 March 2013	Re- measurement Adjustments	Re- classification Adjustments	IFRS Balance 31 March 2013
<b>Assets</b>					
Fixed assets	A	7,499	-	(7,500)	-
Property, plants and equipment	A	-	476	7,500	7,976
Long-term investments	B	2,425,626	-	(2,425,626)	-
Available-for-sale financial assets	B	-	-	2,425,626	2,425,626
<b>Total non-current assets</b>		<b>2,433,125</b>	<b>476</b>	<b>-</b>	<b>2,433,602</b>
<b>Current assets</b>					
Debtors and prepayments	E	46,795	-	(46,795)	-
Account and other receivables	E	-	-	5,987	5,987
Loans and receivables	E	-	-	1,995	1,995
Prepayments	E	-	-	38,813	38,813
Short-term investments	C	25,395	-	(25,395)	-
Cash and bank balance	C	12,772	-	(12,772)	-
Cash and cash equivalents	C	-	(927)	38,167	37,240
<b>Total current assets</b>		<b>84,962</b>	<b>(927)</b>	<b>-</b>	<b>84,035</b>
<b>Total assets</b>		<b>2,518,087</b>	<b>(451)</b>	<b>-</b>	<b>2,517,637</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Accumulated surplus	D	984,684	(451)	-	984,233
Available-for-sale reserve	B	-	-	1,472,937	1,472,937
Investment revaluation reserve	B	1,472,937	-	(1,472,937)	-
<b>Total equity</b>		<b>2,457,621</b>	<b>(451)</b>	<b>-</b>	<b>2,457,170</b>
<b>Non-current liabilities</b>					
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Account and other payables	E	-	-	60,467	60,467
Creditor and accruals	E	60,467	-	(60,467)	-
<b>Total current liabilities</b>		<b>60,467</b>	<b>-</b>	<b>-</b>	<b>60,467</b>
<b>Total equity and liabilities</b>		<b>2,518,087</b>	<b>(451)</b>	<b>-</b>	<b>2,517,637</b>



Reconciliation of statement of financial position as at 1 April 2012

		NGAAP Balance	Re- measurement	Re- classification	IFRS Balance
<i>In thousands of naira</i>	Notes	1 April 2012	Adjustments	Adjustments	1 April 2012
<b>Assets</b>					
Fixed assets	A	6,007	-	(6,007)	-
Property, plant and equipment	A	-	300	6,007	6,307
Long-term investments	B	460,787	-	(460,787)	-
Available-for-sale financial assets	B	-	-	460,787	460,787
		-----	-----	-----	-----
<b>Total non-current assets</b>		<b>466,794</b>	<b>300</b>	<b>-</b>	<b>467,094</b>
		-----	-----	-----	-----
<b>Current assets</b>					
Debtors and prepayments	E	6,890	-	(6,890)	-
Loans and receivables	E	-	-	3,140	3,140
Prepayments	E	-	-	3,750	3,750
Short-term investments	C	193,230	-	(193,230)	-
Cash and bank balance	C	249,925	-	(249,925)	-
Cash and cash equivalents	C	-	-	443,155	443,155
		-----	-----	-----	-----
<b>Total current assets</b>		<b>450,045</b>	<b>-</b>	<b>-</b>	<b>450,045</b>
		=====	=====	=====	=====
<b>Total assets</b>		<b>916,839</b>	<b>300</b>	<b>-</b>	<b>917,139</b>
		=====	=====	=====	=====
<b>Equity and liabilities</b>					
<b>Equity</b>					
Accumulated surplus	D	804,775	300	-	805,075
Available-for-sale reserve	B	-	-	34,370	34,370
Investment revaluation reserve	B	34,370	-	(34,370)	-
		-----	-----	-----	-----
<b>Total equity</b>		<b>839,145</b>	<b>300</b>	<b>-</b>	<b>839,445</b>
		-----	-----	-----	-----
<b>Non-current liabilities</b>					
<b>Total non-current liabilities</b>					
		-----	-----	-----	-----
<b>Current liabilities</b>					
Interest bearing borrowings		-	-	-	-
Account and other payables	E	-	-	77,694	77,694
Creditor and accruals	E	77,694	-	(77,694)	-
		-----	-----	-----	-----
<b>Total current liabilities</b>		<b>77,694</b>	<b>-</b>	<b>-</b>	<b>77,694</b>
		=====	=====	=====	=====
<b>Total equity and liabilities</b>		<b>916,839</b>	<b>300</b>	<b>-</b>	<b>917,139</b>
		=====	=====	=====	=====



Reconciliation of statement of financial position as at 1 April 2012

		NGAAP Balance	Re- measurement	Re- classification	IFRS Balance
<i>In thousands of naira</i>	Notes	1 April 2012	Adjustments	Adjustments	1 April 2012
<b>Assets</b>					
Fixed assets	A	6,007	-	(6,007)	-
Property, plant and equipment	A	-	300	6,007	6,307
Long-term investments	B	460,787	-	(460,787)	-
Available-for-sale financial assets	B	-	-	460,787	460,787
		-----	-----	-----	-----
<b>Total non-current assets</b>		<b>466,794</b>	<b>300</b>	<b>-</b>	<b>467,094</b>
		-----	-----	-----	-----
<b>Current assets</b>					
Debtors and prepayments	E	6,890	-	(6,890)	-
Loans and receivables	E	-	-	3,140	3,140
Prepayments	E	-	-	3,750	3,750
Short-term investments	C	193,230	-	(193,230)	-
Cash and bank balance	C	249,925	-	(249,925)	-
Cash and cash equivalents	C	-	-	443,155	443,155
		-----	-----	-----	-----
<b>Total current assets</b>		<b>450,045</b>	<b>-</b>	<b>-</b>	<b>450,045</b>
		-----	-----	-----	-----
<b>Total assets</b>		<b>916,839</b>	<b>300</b>	<b>-</b>	<b>917,139</b>
		-----	-----	-----	-----
<b>Equity and liabilities</b>					
<b>Equity</b>					
Accumulated surplus	D	804,775	300	-	805,075
Available-for-sale reserve	B	-	-	34,370	34,370
Investment revaluation reserve	B	34,370	-	(34,370)	-
		-----	-----	-----	-----
<b>Total equity</b>		<b>839,145</b>	<b>300</b>	<b>-</b>	<b>839,445</b>
		-----	-----	-----	-----
<b>Non-current liabilities</b>					
<b>Total non-current liabilities</b>					
		-----	-----	-----	-----
<b>Current liabilities</b>					
Interest bearing borrowings		-	-	-	-
Account and other payables	E	-	-	77,694	77,694
Creditor and accruals	E	77,694	-	(77,694)	-
		-----	-----	-----	-----
<b>Total current liabilities</b>		<b>77,694</b>	<b>-</b>	<b>-</b>	<b>77,694</b>
		-----	-----	-----	-----
<b>Total equity and liabilities</b>		<b>916,839</b>	<b>300</b>	<b>-</b>	<b>917,139</b>
		-----	-----	-----	-----



5 First-time-adoption of IFRS

Notes to the Reconciliation of statement of financial position as at 1 April 2012, 31 March 2013 and comprehensive income for the year ended 31 March 2013.

A Property, plant and equipment

Under Nigerian GAAP, the Foundation's assets which included motor vehicles, plant and equipment and computer equipment are presented as fixed assets and residual value was considered in determining the depreciation charged on the assets. IFRS requires that the residual value of assets should be determined and reassessed at least at the reporting date. The Foundation has estimated the residual value of motor vehicle as 5% while plant and equipment and computer equipment as being estimated as 0%. The adjustments impacting property, plant and equipment have been analysed below:

	31 March 2013	1 March 2012
In thousands of naira		
NGAAP balance	7,500	6,007
Re-measurement adjustment to restate accumulated depreciation of motor vehicle	476	300
IFRS Balance	<u>7,976</u>	<u>6,307</u>
	=====	=====

B Available-for-sale financial assets

The Foundation's investments in quoted and unquoted equities were presented as long term investments under Nigerian GAAP. Based on the requirements of IFRS, financial assets should be classified into four categories based on management's intention and ability. The Foundation's investments in equities are classified as available-for-sale financial assets measured at fair value with any changes in fair value recognised in equity through the other comprehensive income. Fair value changes are recognised directly in equity under NGAAP; this has been presented in the other comprehensive income section of the statement of comprehensive income.

	31 March 2013	1 March 2012
In thousands of naira		
NGAAP balance	-	-
Reclassification of long term investment to available-for-sale financial investments	2,425,626	460,787
IFRS Balance	<u>2,425,626</u>	<u>460,787</u>
	=====	=====

C Cash and cash equivalent

Under Nigerian GAAP, the Foundation's call deposits, fixed deposits and investments in treasury bills were presented as short term investments. Under IFRS, all financial assets that are cash, easily convertible to cash and have a maturity period of three (3) months and less are presented as cash and cash equivalent. As such, the Foundation's cash both in hand and at bank, and its short term investments are presented as cash and cash equivalents.



**D Accumulated Surplus**

Reconciliation of accumulated funds from Nigerian GAAP to IFRS is analysed below

	31 March 2013	1 March 2012
In thousands of naira		
NGAAP balance	984,684	804,775
Re-measurement adjustment to restate accumulated depreciation of motor vehicle	476	300
NGAAP Prior year adjustments properly stated under IFRS	(927)	-
IFRS Balance	984,233	805,075

**E Other reclassifications from Nigeria GAAP reporting to IFRS**

A classified statement of financial position has been presented under IFRS, based on the operating cycle for operating items and based on a 12-month period for non-operating items.

The following are mandatory reclassifications of items in the statements of financial position upon transition to IFRS:

Financial assets and financial liabilities are presented separately from non-financial assets and liabilities.

The Foundation has also made the following elective reclassification of items in the statement of financial position:

Non-current assets qualifying as property, plant and equipment under IFRS have been presented as such and depreciated.

Bank overdraft presented as part of cash and short term funds under Nigeria GAAP has been presented as interest -bearing loans and borrowings in line with IFRS.

Interest bearing loans and borrowings and financial liabilities have been presented separately from borrowings as presented under NGAAP.

Asset revaluation reserve have been presented as available-for-sale reserve.

The Foundation has made the following elective reclassifications of items in the statements of comprehensive income:

\* All expenses have been presented and analysed by their function.

**F Statement of cash flows**

The transition from Nigeria GAAP to IFRS has not had a material impact on the statement of cash flows.