



THE TONY ELUMELU  
FOUNDATION

IFRS FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015



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**FOUNDATION INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>TRUSTEES:</b>	Mr. Tony O. Elumelu, CON - Founder/Chairman Mrs. Awele V. Elumelu
<b>CHIEF EXECUTIVE OFFICER</b>	Dr. Wiebe Boer (Resigned 1 October 2014) Reid Whitlock (Appointed 16 February 2015; resigned 5 July 2015) Parminder Vir (Appointed 8 June 2015)
<b>COMPANY SECRETARY:</b>	Mr. Obong Idiong 1A, Macgregor Road Ikoyi, Lagos
<b>REGISTERED OFFICE:</b>	1A, Macgregor Road Ikoyi, Lagos
<b>AUDITORS:</b>	Ernst & Young 10th & 13th Floors UBA House 57 Marina Lagos
<b>BANKER:</b>	United Bank for Africa Plc
<b>SOLICITORS:</b>	Templars 4th Floor, the Octagon 13A, A.J Marinho Drive Victoria Island Lagos.  M.E. Esonanjour & Co. 27, Oyewole Street Palmgrove - Ilupeju Lagos
<b>RC NO.:</b>	CAC/IT/39632
<b>Website:</b>	<a href="http://tonyelumelufoundation.org">http://tonyelumelufoundation.org</a>



## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2015

The Trustees have pleasure in submitting to the members of Tony Elumelu Foundation ("the Foundation") the audited financial statements for the year ended 31 December 2015. The Foundation has applied International Financial Reporting Standard ("IFRS") issued by International Accounting Standard Board ("IASB") in preparing these financial statements and the comparative financial information.

### 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. Foundation 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)

### 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 year ended 31 December 2015 that would affect the financial statements as presented.

### OPERATING RESULTS

Highlights of the operating results are as follows:

	₦'000	₦'000
Total revenue	2,502,399	870,566
Total expenses	(2,273,983)	(908,995)
<b>Surplus/(deficit) for the year</b>	<b>228,416</b>	<b>(38,429)</b>

### 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 O. Elumelu, CON	-	Chairman
Mrs. Awele V. Elumelu	-	Trustee



**REPORT OF THE TRUSTEES - Continued  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**TRUSTEES' INTERESTS IN CONTRACT**

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 2015.

**PROPERTY AND EQUIPMENT**

Information relating to changes in property and equipment is provided in Note 18 to the financial statements.

**EMPLOYMENT OF PHYSICALLY CHALLENGED 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.

**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 families 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  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**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**

No other events or transactions have occurred since the year end which would have a material effect on the financial statements as presented.

**AUDITORS**

Messrs Ernst and Young, having expressed their willingness, will continue in office as auditors of 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



Mr. Obang Idiong  
Company Secretary  
FRC/2013/NBA/00000004696

5 June 2017





## STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2015

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 give a true and fair view of the state of financial affairs of the Foundation at the end of the year and of the profit or loss for the year then ended.

The responsibilities include ensuring that the Foundation:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Foundation and comply with the International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act No. 6, 2011;
- b) establishes appropriate and adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities;
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied; and
- d) it is appropriate for the financial statements to be prepared on a going concern basis.

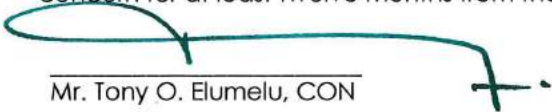
The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with,

- the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
- the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004
- 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 of its financial results.

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 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

5 June 2017

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



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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TONY ELUMELU FOUNDATION**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tony Elumelu Foundation, which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of cash flows, and the statement of changes in equity for the year 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 International Financial Reporting Standards, the 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 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 present fairly, in all material respects, the financial position of Tony Elumelu Foundation as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**OF HEIRS HOLDINGS LIMITED – 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 Company, so far as appears from our examination of those books;
- iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Funmi Ogunlowo FCA, FRC/2013/ICAN/00000000681  
For: Ernst & Young  
Lagos, Nigeria

7 June 2017





**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 N'000	2014 N'000
Endowment funds	5	2,039,024	702,283
Finance income	6	1,004	1,981
Other income	7	462,371	166,302
<b>Total revenue</b>		<b>2,502,399</b>	<b>870,566</b>
Grant expenses	8	(105,922)	(300,693)
Shared service expenses	9	-	(73,160)
TEF Entrepreneurship Program expenses	10	(1,140,797)	-
Travel expenses	11	(39,859)	(70,910)
Event and publicity expenses	12	(2,604)	(22,856)
Personnel expenses	13	(232,521)	(133,438)
Professional and consulting expenses	14	(21,179)	(115,661)
Other operating expenses	15	(132,008)	(147,112)
Impairment loss	16	(590,828)	-
Finance and other charges	17	(3,012)	(41,932)
Depreciation of property, plant and equipment	18	(4,693)	(3,233)
Amortisation of intangible asset	19	(560)	-
<b>Total expenses</b>		<b>(2,273,983)</b>	<b>(908,995)</b>
<b>Surplus/(deficit) for the year</b>		<b>228,416</b>	<b>(38,429)</b>
Other comprehensive income:			
Items to be subsequently reclassified to surplus or deficit:			
Fair value changes in available-for-sale financial assets	27.3	(58,363)	(1,534,610)
<b>Total other comprehensive deficit</b>		<b>(58,363)</b>	<b>(1,534,610)</b>
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>170,053</b>	<b>(1,573,039)</b>


**The accompanying notes form an integral part of these financial statements**




**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

<b>Assets</b>	<b>Notes</b>	<b>2015 N'000</b>	<b>2014 N'000</b>
<b>Non-current assets:</b>			
Property and equipment	18	11,852	3,868
Intangible asset	19	13,175	-
Available-for-sale financial assets	20	1,763,228	2,303,748
<b>Total non-current assets</b>		<b>1,788,255</b>	<b>2,307,616</b>
<b>Current assets</b>			
Loans and receivables	21	53,444	103,475
Inventory	22	-	10,123
Prepayments	23	5,845	16,856
Cash and cash equivalents	24	45,325	58,236
<b>Total current assets</b>		<b>104,614</b>	<b>188,690</b>
<b>Total assets</b>		<b>1,892,869</b>	<b>2,496,306</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Accumulated surplus	27.1	1,231,322	1,002,906
Available-for-sale reserve	27.2	189,688	248,051
<b>Total equity</b>		<b>1,421,010</b>	<b>1,250,957</b>
<b>Current liabilities</b>			
Borrowings	25	-	777,910
Account and other payables	26	471,859	467,439
<b>Total current liabilities</b>		<b>471,859</b>	<b>1,245,349</b>
<b>Total equity and liabilities</b>		<b>1,892,869</b>	<b>2,496,306</b>

The financial statements were approved by the Trustees to the Foundation on 5 June 2017, and signed on its behalf by:

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

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

  
Mr. John Okonkwo  
Chief Financial Officer  
FRC/2013/ICAN/00000004692

The accompanying notes form an integral part of these financial statements





**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Accumulated surplus	Available-for-sale reserve	Total
As at 1 January 2015	1,002,906	248,051	1,250,957
Surplus for the year	228,416	-	228,416
Other comprehensive deficit	-	(58,363)	(58,363)
<b>As at 31 December 2015</b>	<b>1,231,322</b>	<b>189,688</b>	<b>1,421,010</b>
As at 1 January 2014	1,041,335	1,782,661	2,823,996
Deficit for the year	(38,429)	-	(38,429)
Other comprehensive deficit	-	(1,534,610)	(1,534,610)
<b>As at 31 December 2014</b>	<b>1,002,906</b>	<b>248,051</b>	<b>1,250,957</b>

The accompanying notes form an integral part of these financial statements



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 N'000	2014 N'000
<b>Operating activities</b>			
Surplus/(deficit) for the year		228,416	(38,429)
<b>Non-cash adjustment:</b>			
Depreciation of property, plant and equipment	18	4,693	3,233
Amortisation of intangible asset	19	560	-
Impairment loss	16	590,828	-
Finance income	6	(1,004)	(1,981)
Foreign exchange (gain)/loss		(10,950)	28,145
Working capital adjustments:			
Changes in loans and receivables		34,031	(81,311)
Changes in prepayments		11,011	3,420
Changes in inventory		10,123	(8,883)
Changes in account and other payables		4,420	421,545
Interest received	6	1,004	1,981
<b>Net cash inflows from operating activities</b>		<b>873,132</b>	<b>327,720</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	18	(12,677)	(1,154)
Acquisition of intangible asset	19	(13,735)	-
Acquisition of available-for sale financial assets	20.2	(92,671)	(686,584)
<b>Net cash outflows used in investing activities</b>		<b>(119,083)</b>	<b>(687,738)</b>
<b>Financing activities</b>			
(Repayment of) / proceeds from borrowings	25	(777,910)	388,240
<b>Net cash outflows/inflows from financial activities</b>		<b>(777,910)</b>	<b>388,240</b>
Net (decrease)/increase in cash and cash equivalents		(23,861)	28,222
Net foreign exchange differences		10,950	(28,145)
Cash and cash equivalent as at beginning		58,236	58,159
Cash and cash equivalent as at closing		45,325	58,236

**The accompanying notes form an integral part of these financial statements**



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1 Foundation information

The Tony Elumelu Foundation was founded in 2010. It was incorporated 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 year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Trustees on 5 June 2017.

#### 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 Standard (IFRS) as issued by the International Accounting Standards Board (IASB).

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

These financial statements are presented in Naira which is the Foundation's functional and presentation currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand (N'000).

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.

##### 2.2 Summary of significant accounting policies

A summary of the significant accounting policies, all of which have been applied consistently throughout the current and preceding years, is set out below.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 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 rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, 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 income can be reliably measured. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

The Foundation revenue exists in the form of endowment funds, interest income and dividend income.

##### **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 amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. 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.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.3 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at costs amortized over a useful life.

Intangible assets with finite lives are amortized over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

The Foundation has one group of intangible assets which is made up of Computer software:

Computer software: These represent the cost of procuring computer software. Computer software is amortised on a straight line basis over useful lives of software which starts from the period of 3 years.

#### 2.2.4 Property and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property and equipment if the recognition criteria are met. When significant parts of 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 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 live and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each is depreciated separately. The useful lives of the Foundation's plant and equipment for the purpose of depreciation are as follows:

	<b>Number of years</b>
Plant and equipment	4
Motor vehicles	4
Computer equipment	3





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.4 Property and equipment - Continued

An item of plant and equipment is de-recognised 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-recognised.

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.

#### 2.2.5 Leases

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

##### Foundation as a lessee

Leases that do not transfer to the Foundation substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

#### 2.2.6 Financial instruments

Financial assets and financial liabilities are recognised 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 recognised 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.

##### i Financial assets

###### Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, or available-for-sale financial assets, as appropriate.

The classification of financial assets depends on the purpose for which the investments were acquired or originated. The Foundation determines the classification of its financial assets at initial recognition and re-evaluates this designation at each reporting date. Financial assets are recognised initially at fair value plus transaction costs, unless held at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Foundation commits to purchase or sell the asset.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.6 Financial instruments - Continued

The Foundation's financial assets include cash and cash equivalents, loans and receivables, available-for-sale financial instruments.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalents are measured at amortised cost.

For the purpose of the cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are loans and receivable financial assets. These investments are initially recognised at the fair value of the consideration paid for the acquisition of the investment plus transaction costs. All transaction costs directly attributable to the acquisition are also included in this value. After initial measurement, loans and receivables are measured at amortised cost, using the effective interest rate ("EIR"), less allowance for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in finance costs in the statement of comprehensive income.

##### **Available-for-sale financial assets ("AFS")**

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is reclassified to profit or loss through gross earnings. When the investment is determined to be impaired, the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

AFS are measured at cost when the fair value of the instruments cannot be reliably measured. These investments are assessed for impairment and impairment losses are recognised in the statement of profit or loss accounts.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.6 Financial instruments - Continued

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 Foundation 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 recognised in equity is amortised to statement of profit or loss and other comprehensive income over the remaining life of the investment using the EIR.

Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

#### ii De-recognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.

Or

The Foundation retains the right 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:

- The Foundation has transferred substantially all the risks and rewards of the asset

Or

- 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 right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Foundation's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Foundation could be required to repay.

In that case, the Foundation also recognises 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.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.6 Financial instruments - Continued

##### iii Impairment of financial assets

The Foundation assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only 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(s) 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 the debtor will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in payment status or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Foundation first assesses individually 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, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) 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 recognised in profit or loss. 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 other operating income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised 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 recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the profit or loss.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

### 2.2.6 Financial instruments - Continued

#### iv Financial assets carried at amortised cost

For financial assets carried at amortised 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, recognised 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 recognised in the profit or loss. 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 the profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised 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 recognised, the previously recognised 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 the profit or loss account.

#### v Financial liabilities – initial recognition and subsequent measurement

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost less directly attributable transaction costs.

##### Subsequent measurement

The subsequent 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, borrowings, or as derivatives as hedging instruments in an effective hedge, as appropriate.

The Foundation's financial liabilities include account and other payables and interest-bearing loans.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.6 Financial instruments - Continued

##### **Borrowings**

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. The Effective Interest Rate amortisation is included in finance costs in the profit or loss.

##### **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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **De-recognition of financial liabilities**

A financial liability is derecognised 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, and the difference in the respective carrying amounts is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

#### **vi 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 recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### **vii Fair value measurement**

The Foundation measures financial instruments and non-financial assets such as quoted equities, at fair value at each year end. Also, fair values of financial instruments measured at amortised cost are disclosed in the notes. 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, or
- 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 by the Foundation.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 2.2.6 Financial instruments - Continued

##### vii Fair value measurement - Continued

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, maximising the use of relevant observable inputs and minimising 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 recognised in the financial statements on a recurring basis, the Foundation determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 assets or liability and the level of the fair value hierarchy as explained above.

#### 2.2.7 Employment benefits

The Foundation operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Foundation by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

#### 2.2.8 Taxation

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





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 3 Significant accounting judgements, estimates and assumptions - Continued

##### 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 inventories primarily consist 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 realisable 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 Available-for-sale reserve

Available-for-sale reserve comprises changes in fair value of available-for-sale investments.

#### 3 Significant accounting judgements, estimates and assumptions

The preparation of the Foundation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### Judgments, estimates and assumptions

In the process of applying the Foundation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Foundation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Foundation. Such changes are reflected in the assumptions when they occur.

##### Useful lives and carrying value of property and equipment, and intangible assets

The estimation of the useful lives of assets is based on management's judgment. The useful lives are determined based on the expected period over which the asset will be used and benefits received by the Foundation from the use of the asset. Residual values are determined by obtaining observable market prices for the asset with the same age that the asset would be at the end of its useful life. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

### 3 Significant accounting judgements, estimates and assumptions - Continued

#### **Determination of impairment of property and equipment, and intangible assets**

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Foundation applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

#### **Determining fair values**

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Foundation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **Impairment of AFS**

In determination of what constitutes a significant or prolonged decline in fair value of an AFS, the Foundation considers decline in fair value of AFS above 20% as significant and decline over a period of more than 6 months as prolonged.

#### **AFS for which fair value cannot be determined**

Financial instruments are classified as AFS for which fair value cannot be determined when the instrument is not quoted on an active market and there are no identical instruments in an active market. The entity considers whether the range of reasonable fair value measurements is significant and also considers whether or not the probabilities of the various estimates can be reasonably assessed.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Foundation's financial statements are disclosed below. The Foundation intends to adopt these standards, if applicable, when they become effective.

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

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: 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. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Foundation plans to adopt the new standard on the required effective date. During 2015, the Foundation has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Foundation expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Foundation expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

##### **(a) Classification and measurement**

The Foundation does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Foundation expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Foundation expects to apply the option to present fair value changes in OCI, and, therefore, it believes the application of IFRS 9 would not have a significant impact. If the Foundation were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Foundation expects that these will continue to be measured at amortised cost under IFRS 9. However, the Foundation will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective - Continued

##### (b) Impairment

IFRS 9 requires the Foundation to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Foundation expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Foundation expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

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

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Foundation plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Foundation performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis.

##### (a) Rendering of services

Contracts with customers in which equipment sale is the only performance obligation are not expected to have any impact on the Foundation. The Foundation expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The standard is not expected to have any impact on the Foundation.

##### **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Foundation given that the Foundation has not used a revenue-based method to depreciate its non-current assets.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective - Continued

##### **Amendments to IAS 27: Equity Method in Separate Financial Statements**

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Foundation's financial statements.

##### **IFRS 14 Regulatory Deferral Accounts**

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Foundation is an existing IFRS preparer, this standard would not apply.

##### **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity).

The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Foundation as it does not have any bearer plants.





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective - Continued

##### **Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests**

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Foundation.

##### **IFRS 16 Leases**

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exceptions) in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. The standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. This standard is expected to have impact on the Foundation.

##### **Impact**

If this standard becomes effective, the lease expense recognition pattern for lessees will generally be accelerated as compared to today.

Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

##### **Annual Improvements 2012-2014 Cycle**

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:





## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective - Continued

##### **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. These amendments are not expected to have any impact on the Foundation.

##### **IFRS 7 Financial Instruments: Disclosures**

###### **(i) Servicing contracts**

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

###### **(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements**

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Foundation.

##### **IAS 19 Employee Benefits: Discount rate; regional market issue**

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively. These amendment is not relevant to the Foundation.

##### **IAS 34 Interim Financial Reporting: Disclosure of information elsewhere in the interim financial reporting**

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Foundation.



## NOTES TO THE FINANCIAL STATEMENTS - Continued

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 4.1 Standards and interpretations issued but not yet effective - Continued

##### **Amendments to IAS 1 Disclosure Initiative**

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Foundation.

##### **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception**

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Foundation.

There are no other issued but not yet effective standards which are applicable to the entity as at 31 December 2015





**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

*New and amended standards and interpretations*

The following listed standards and amendments which are effective for annual periods beginning on or after 1 January 2015 will not have impact on the Foundation's financial affairs, performance and/or disclosures

*(i) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

*(ii) Annual Improvement 2010-2012 Cycle*

*IFRS 2 Share-based Payment*

*IFRS 8 Operating Segments*

*IFRS 3 Business Combinations*

*IAS 16 Property, plant and Equipment and IAS 38 Intangible Assets*

*IAS 24 Related Party Disclosures*

*(iii) Annual Improvements 2011-2013 Cycle*

*IFRS 3 Business Combinations*

*IAS 40 Investment Property*



NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
<b>5 Endowment funds</b>		
Endowment funds - in kind	67,072	702,283
Endowment funds - in cash	1,971,952	-
	<u>2,039,024</u>	<u>702,283</u>
<b>6 Finance income</b>		
Interest income on loans and receivables	485	113
Interest income on deposits	519	1,868
	<u>1,004</u>	<u>1,981</u>
<b>7 Other income</b>		
Exchange gain	10,950	-
Other income	32,463	183
Dividend income	47,355	166,119
Corporate Social Responsibility income	122,928	-
Donations	248,675	-
	<u>462,371</u>	<u>166,302</u>
<b>8 Grant expenses</b>		
Elumelu legacy prize awards	25,667	15,595
Other grant expenses	80,255	285,098
	<u>105,922</u>	<u>300,693</u>
<b>9 Shared service expenses</b>		
Shared service expenses	-	73,160
<b>10 TEF Entrepreneurship Program Expenses (TEPEP Expenses)</b>		
TEPEP expenses	1,140,797	-
<b>11 Travel expenses</b>		
Travel expenses	39,859	70,910
<b>12 Event &amp; publicity expenses</b>		
Event & publicity expenses	2,604	22,856
<b>13 Personnel expenses</b>		
Defined contribution expense	9,285	3,963
Short term benefits expense	223,236	129,475
	<u>232,521</u>	<u>133,438</u>





NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
<b>Professional and consulting expenses</b>		
Legal expenses	330	662
Professional expenses	3,253	21,484
Consulting expenses	17,596	93,515
	<u>21,179</u>	<u>115,661</u>
<b>15 Other operating expenses</b>		
Utility expenses	-	207
Fuel expenses	-	400
Sponsorship expenses	-	6,684
Advertising expenses	-	15,677
Repairs & maintenance	17	301
Entertainment expenses	54	71
Stationery expenses	235	302
Logistics	488	950
Other administrative expenses	902	13,420
Disengagement fee expense	1,564	-
Insurance expenses	1,361	5,160
General office expenses	2,446	430
Subscriptions	5,149	24,479
AMIP program expenses	6,850	31,798
Research expenses	11,447	-
Africapitalism Institute expenses	77,515	-
Rents and rates	23,980	47,233
	<u>132,008</u>	<u>147,112</u>
<b>16 Impairment loss</b>		
Impairment on NCCN receivables	16,000	-
Impairment loss on Africa Exchange Holdings Limited	574,828	-
	<u>590,828</u>	<u>-</u>
<b>17 Finance and other charges</b>		
Exchange loss	-	28,145
Bank charges	3,012	13,787
	<u>3,012</u>	<u>41,932</u>



**NOTES TO THE FINANCIAL STATEMENTS - Contii**

**FOR THE YEAR ENDED 31 DECEMBER**

**18 Property and equipment**

	Motor vehicle	Plants & equipment	Computer equipment	Total
	₦'000	₦'000	₦'000	₦'000
Cost:				
As at 1 January 2014	11,295	659	1,954	13,908
Additions	-	-	1,154	1,154
As at 31 December 2014	11,295	659	3,108	15,062
Additions	10,000	342	2,335	12,677
As at 31 December 2015	21,295	1,001	5,443	27,739
Accumulated depreciation:				
As at 1 January 2014	6,575	165	1,221	7,961
Additions	2,490	165	578	3,233
As at 31 December 2014	9,065	330	1,799	11,194
Additions	3,117	235	1,341	4,693
As at 31 December 2015	12,182	565	3,140	15,887
Net Book Value:				
As at 1 January 2014	4,720	494	733	5,947
As at 31 December 2014	2,230	329	1,309	3,868
As at 31 December 2015	9,113	436	2,303	11,852

**19 Intangible assets**

Cost:	
As at 1 January 2014	-
Additions	-
As at 31 December 2014	-
Additions	13,735
As at 31 December 2015	13,735
Accumulated amortisation:	
As at 1 January 2014	-
Additions	-
As at 31 December 2014	-
Additions	560
As at 31 December 2015	560
Net Book Value:	
As at 1 January 2014	-
As at 31 December 2014	-
As at 31 December 2015	13,175





NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 N'000	2014 N'000
<b>20 Available-for-sale financial assets</b>		
<b>Unquoted equities (note 20.1):</b>		
Mtanga Farms Limited	111,756	111,756
Africa Exchange Holdings Limited	574,828	574,828
<b>Balance of unquoted equities</b>	<b>686,584</b>	<b>686,584</b>
<b>Quoted equities (note 20.2):</b>		
Afriland Properties Plc	19,797	116,671
Africa Prudential Registrars Plc	42,496	-
United Capital Plc	67,072	-
United Bank for Africa Plc	1,522,107	1,500,493
<b>Balance of quoted equities</b>	<b>1,651,472</b>	<b>1,617,164</b>
<b>Balance of available-for-sale</b>	<b>2,338,056</b>	<b>2,303,748</b>
Impairment loss	(574,828)	-
	<u>1,763,228</u>	<u>2,303,748</u>

Mtanga Farms Ltd is still in its pre-operational stage and its fair value cannot be reliably measured. As such, the Foundation's investment in the Farms is carried at cost of investment. Other than investment in Africa Exchange Holdings Limited, which has been fully impaired, there are no indicators that the remaining investments are impaired.

	2015 N'000	2014 N'000
<b>20.1 Movement in unquoted equities:</b>		
Opening balance	686,584	-
Additions	-	686,584
	<u>686,584</u>	<u>686,584</u>
<b>20.2 Movement in quoted securities:</b>		
Opening balance	1,617,164	3,151,774
Additions	92,671	-
Valuation losses	(58,363)	(1,534,610)
	<u>1,651,472</u>	<u>1,617,164</u>
<b>21 Loans and receivables</b>		
Withholding tax receivable	-	336
Staff loans	1,547	13,657
Staff advance	5,049	701
Account receivables on NCCN	16,000	10,329
Receivables from related parties	46,848	78,452
	<u>69,444</u>	<u>103,475</u>
Impairment on NCCN	(16,000)	-
	<u>53,444</u>	<u>103,475</u>



NOTES TO THE FINANCIAL STATEMENTS - Contir

FOR THE YEAR ENDED 31 DECEMBER

	2015 N'000	2014 N'000
<b>22 Inventory</b>		
Publication stocks	-	10,123
<b>23 Prepayments</b>		
Prepaid insurance	697	693
Prepaid subscription	5,148	16,163
	5,845	16,856
<b>24 Cash and cash equivalent</b>		
Cash	6,445	-
Cash in bank	7,037	31,440
Call deposits	31,843	26,796
	45,325	58,236
<b>25 Borrowings</b>		
Borrowings from related companies:		
Heirs Holdings Limited	-	777,910
Borrowings from related parties	-	777,910
<b>26 Account and other payables</b>		
Account payable	3,838	465
Withholding tax payable	4,424	1,354
PAYE	5,896	4,589
Employee benefit payable	13,305	8,505
Other payables	16,387	12,791
Payable to related parties	428,009	439,735
	471,859	467,439

**27 Equity**

**27.1 Accumulated surplus**

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

**27.2 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.





**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>27.3 Movement in the items of other comprehensive income</b>	2015	2014
	N'000	N'000
Opening balance	248,051	1,782,661
Loss arising from remeasurement of available-for-sale	(58,363)	(1,534,610)
	<u>189,688</u>	<u>248,051</u>

**28 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 and borrowings.

The following financial instruments were measured at amortised cost; Cash and cash equivalents, loans and receivables and borrowings.

The carrying value of the Foundations financial instruments measured at amortised cost approximates their fair value as at the reporting date.

**29 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.



NOTES TO THE FINANCIAL STATEMENTS - Contin

FOR THE YEAR ENDED 31 DECEMBER 2

29 Financial risk management - Contin

2 Market

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.

29.1.1 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 reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value is N1,631,675,000 (31 December 2014: N1,500,493,000). A decrease of 10% on the Nigerian Stock Exchange (NSE) market index could have an impact of approximately N163,167,500 (31 December 2014: 150,049,300) on the income or equity attributable to the Foundation, depending on whether the decline is significant or prolonged.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, to the Foundation's income statements and equity

	Plus 5 Basic Points	Plus 10 Basic Points	Minus 5 Basic Points	Minus 10 Basic Points
	Sensitivity of profit or loss & equity			
	N'000	N'000	N'000	N'000
<b>As at 31 December 2015 Rate sensitive assets</b>				
Loans and receivables	50	100	(50)	(100)
<b>As at 31 December 2014 Rate sensitive assets</b>				
Bank placements and trade and other receivables	99	198	(99)	(198)

29.1.2 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 recognised in the profit or loss.

The table below summarises the Company's exposure to foreign currency exchange rate risk at 31 December 2015 and 31 December 2014. Included in the table are the Company's financial instruments at carrying amounts, categorised by currency.

	NAIRA N'000	GBP N'000	USD N'000	EURO N'000	TOTAL N'000
<b>As at 31 December 2015</b>					
Cash and cash equivalents	34,834	76	9,656	759	45,325
Loans and receivables	69,444	-	-	-	69,444
Prepayments	5,845	-	-	-	5,845
Available for-sale-financial assets	1,651,472	-	-	-	1,651,472
	<u>1,761,595</u>	<u>76</u>	<u>9,656</u>	<u>759</u>	<u>1,772,086</u>
Account and other payables	471,859	-	-	-	471,859
Borrowings	0	-	-	-	0
	<u>471,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,859</u>
<b>Net open currency position</b>	<u>1,289,736</u>	<u>76</u>	<u>9,656</u>	<u>759</u>	<u>1,300,227</u>
<b>As at 31 December 2014</b>					
Cash and cash equivalents	64,121	84	(6,772)	803	58,236
Trade and other receivables	36,853,037	-	-	-	103,475
Prepayments and other assets	210,682	-	-	-	16,856
Financial investments - available for sale	6,941,826	-	762,175	-	1,617,164
	<u>44,069,666</u>	<u>84</u>	<u>755,403</u>	<u>803</u>	<u>1,795,731</u>
Account and other payables	467,439	-	-	-	467,439
Borrowings	777,910	-	-	-	777,910
	<u>1,245,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,245,349</u>
<b>Net open currency position</b>	<u>42,824,317</u>	<u>84</u>	<u>755,403</u>	<u>803</u>	<u>550,382</u>





NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

29 Financial risk management - Continued

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Pound sterling & 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.

	%	Effect in Comprehensive Income Strengthening	Effect in Comprehensive Income Weakening
<b>31 December 2015</b>			
Euro	5	38	(38)
USD	5	483	(483)
Pounds	5	4	(4)
<b>31 December 2014</b>			
Euro	5	40	(40)
USD	5	37,770	(37,770)
Pounds	5	4	(4)

**29.2 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 Company maximum exposure to credit risk

	2015 N'000	2014 N'000
Loans and receivables	53,444	103,475
Cash and cash equivalents	45,325	58,236

**29.3 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.

	On demand N'000	1-3 months N'000	3-12 months N'000	No maturity N'000	Total N'000
<b>31 December 2015</b>					
<b>Financial assets</b>					
Available for-sale-financial assets	-	-	-	1,763,228	1,763,228
Loans and receivables	363	-	7,077	46,004	53,444
Cash and cash equivalents	45,325	-	-	-	45,325
	45,688	-	7,077	1,809,232	1,861,997
<b>Financial liabilities</b>					
Borrowings	-	-	-	-	-
Account and other payables	16,553	-	455,306	-	471,859
	16,553	-	455,306	-	471,859
<b>Total liquidity gap</b>	<b>29,135</b>	<b>-</b>	<b>(448,229)</b>	<b>1,809,232</b>	<b>1,390,138</b>



NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2015

29 Financial risk management - Continued

29.3 Liquidity risk - Continued

	On demand N'000	1-3 months N'000	3 -12 months N'000	No maturity N'000	Total N'000
<b>31 December 2014</b>					
<b>Financial assets</b>					
Available for-sale-financial assets	-	-	-	2,303,748	2,303,748
Loans and receivables	701	-	13,657	88,781	103,139
Cash and cash equivalents	58,236	-	-	-	58,236
	<u>58,937</u>	<u>-</u>	<u>13,657</u>	<u>2,392,529</u>	<u>2,465,123</u>
<b>Financial liabilities</b>					
Borrowings	-	-	-	777,910	777,910
Account and other payables	465	-	12,790	-	13,255
	<u>465</u>	<u>-</u>	<u>12,790</u>	<u>777,910</u>	<u>791,165</u>
<b>Total liquidity gap</b>	<u>58,472</u>	<u>-</u>	<u>867</u>	<u>1,614,619</u>	<u>1,673,958</u>

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

30 Capital Management

The Tony Elumelu Foundation has N95 million in liquid funds (31 December 2014: N188million) and N1.631billion in quoted equities (31 December 2014: N1.5billion). 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. The debt to equity ratio is shown below.

	2015	2014
Debt	471,859	1,245,349
Equity	1,421,010	1,250,957
Debt/equity ratio	0.33	1.00
Target ratio	0.33	0.33



**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**31 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.

Name of Company	Relationship
Transnational Corporation of Nigeria 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
United 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 Holdings Limited	Common control

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

	2015 N'000	2014 N'000
<b>Borrowings from related parties</b>		
Heirs Holdings Limited	-	777,910
<b>Payable to related parties</b>		
Tenoil Petroleum & Energy Services Limited	92,710	92,125
Heirs Holdings Limited	264,427	251,041
Heirs Alliance Limited	11,572	11,572
HH Capital Limited	1,000	1,000
Consolidated Trust Fund Limited	300	300
First Regular Services Limited	-	3,776

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





**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 N'000	2014 N'000
<b>Receivables from related parties:</b>		
First Regular Services Limited	9,724	-
African Exchange Commodities Market Limited	33,913	33,913
African Skills Development Limited	3,211	85
<b>Emolument of Trustees:</b>		
None of the Trustees received any emoluments during the year.		
<b>Balances with key management personnel:</b>		
Borrowings		
Tony Elumelu (TOE)	-	1,000

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

There were no known contingent liabilities and capital commitments as at 31 December 2015 (31 December 2014: nil).

**33 Events after the 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.