THE TONY ELUMELU
FOUNDATION

Financial Statements
For the Year Ended 31 December 2019

THE TONY ELUMELU FOUNDATION

Contents

THE TONY ELUMELU FOUNDATION

FOUNDATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

TRUSTEES:	Mr. Tony O. Elumelu, CON	- Founder/Chairman
	Mrs. Awele V. Elumelu	
	Mr. Alex Trotter	
CHIEF EXECUTIVE OFFICER	Ifeyinwa Ugochukwu	
COMPANY SECRETARY:	Oyindamola Oyeduntan 1A, Macgregor Road Ikoyi, Lagos	
REGISTERED OFFICE:	1A, Macgregor Road Ikoyi, Lagos	
AUDITORS:	Ernst & Young 10th & 13th Floors UBA House 57 Marina Lagos	
BANKER:	United Bank for Africa Plc	
SOLICITORS:	Templars 4th Floor, the Octagon 13A, A.J Marinho Drive Victoria Island Lagos.	
	M.E. Esonanjor & Co. 27, Oyewole Street Palmgrove - Ilupeju Lagos	
RC NO.:	CAC/IT/39632	
Website:	http://tonyelumelufoundation.org	

THE TONY ELUMELU FOUNDATION

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019. 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 insitution 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)

Partnerships
1 United Nations Development Programme (Training and Sponsorship of Additional Entrepreneurs)
2 Agence Francaise Development 2nd Stage Capital
3 Indorama Eleme Petrochemicals Limited (Sponsorship of Additional Entrepreneurs)
4 Gesellschaft fur Internationale Zusammenarbeit (GIZ): sponsorship of additional entrepreneurs
5 International Committee of the Red Colour (ICRC): sponsorship of additional entrepreneurs
6 NASD Plc: access to capital partnership
7 Institut Français de Recherche en Afrique (IFRA): research partnership
8 IFRA - Research
9 Facebook: advertising credit partnership
10 African Development Bank (AfDB): sponsorship of additional entrepreneurs

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 2019 that would affect the financial statements as presented.

OPERATING RESULTS
Highlights of the operating results are as follows:

	2019	2018
	₦'000	₦'000
Total revenue	2,560,723	2,378,011
Total expenses	(2,563,928)	(2,412,908)
Deficit for the year	(3,205)	(34,897)

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
Mr. Alex Trotter	-	Trustee

REPORT OF THE TRUSTESS - Continued
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is provided in Note 15 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. In view of this, there are no disabled employees within the Foundation

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.

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.

REPORT OF THE TRUSTESS - Continued
FOR THE YEAR ENDED 31 DECEMBER 2019
SUBSEQUENT EVENTS

As stated in Notes 27, no other events or transactions have occurred since the year end which would have a material effect on the financial statements as presented.
Subsequent to year end, the world witnessed the outbreak of coronavirus pandemic, which crippled economic activities and set many organisations back. Recovery is gradual and ongoing for many organisations. In response, the Tony Elumelu Foundation moved the 2020 Tony Elumelu Foundation Entrepreneurship Programme to 2021 and activated its business continuity framework to deal with the effect of the pandemic. The Foundation also used the opportunity created by the pandemic to further re-jig its operations, enhance its information technology infrastructure, and update the educational contents of its programmes.

The Trustees and Management of the Tony Elumelu Foundation continue to monitor the pandemic as well as the response to it by the Federal Government of Nigeria and the world at large. This monitoring ensures that dynamic strategies are developed and used to ensure that the negative impact of coronavirus is minimised while the opportunities presented by the pandemic are optimized.

Based on the above and ongoing assessment by the Board of Trustees, the outbreak of coronavirus and its continuing effects will not affect the Foundation's ability to continue as a going concern.
There are no other events after the reporting date that could have a material effect on the affairs of the Foundation as at 31 December 2019 or the profit or loss for the year ended on that date.

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

Oyeduntan

Oyindamola Oyeduntan
FRC/2017/NBA/00000016186
Secretary
08 December 2020

THE TONY ELUMELU FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2019

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

08 December 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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 2019, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Tony Elumelu Foundation as at 31 December 2019 and of 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 the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Tony Elumelu Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of The Tony Elumelu Foundation. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of The Tony Elumelu Foundation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Information

The Trustees are responsible for the other information. The other information comprises the Report of the Trustees, as required by 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 other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE TONY ELUMELU FOUNDATION - Continued

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Trustees determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing The Tony Elumelu Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate The Tony Elumelu Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Tony Elumelu Foundation's internal control.

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

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Tony Elumelu Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE TONY ELUMELU FOUNDATION - Continued

Auditor's responsibilities for the Audit of the Financial Statements - Continued

in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Tony Elumelu Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Tony Elumelu Foundation, so far as it appears from our examination of those books.

iii. The Tony Elumelu 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 Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For: Ernst & Young
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0375920

10 December 2020

THE TONY ELUMELU FOUNDATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 ₦'000	2018 ₦'000
Grant income	5	1,795,973	1,566,728
Finance income	6	1,610	310
Other income	7	763,140	810,973
Total revenue		2,560,723	2,378,011
TEF Entrepreneurship Program expenses	8	(1,900,733)	(1,904,364)
Travel expenses	9	(51,144)	(28,672)
Event and publicity expenses	10	(19,321)	(56,722)
Personnel expenses	11	(225,320)	(181,967)
Professional and consulting expenses	12	(19,419)	(11,193)
Other operating expenses	13	(334,891)	(218,904)
Finance and other charges	14	(4,197)	(2,740)
Depreciation of property and equipment	15	(1,442)	(3,294)
Amortisation of intangible assets	16	(7,461)	(5,052)
Total expenses		(2,563,928)	(2,412,908)
Deficit for the year		(3,205)	(34,897)
Other comprehensive income:			
Items to be subsequently reclassified to surplus or deficit:			
Fair value changes in financial asset at FVOCI	22.3	(289,226)	(1,214,115)
Total other comprehensive deficit		(289,226)	(1,214,115)
Total comprehensive deficit for the year		(292,431)	(1,249,012)

The accompanying notes form an integral part of these financial statements

THE TONY ELUMELU FOUNDATION

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

Assets	Notes	2019 ₦'000	2018 ₦'000
Non-current assets			
Property and equipment	15	7,095	3,450
Intangible assets	16	42,104	42,684
Financial assets at fair value through OCI	17	3,412,196	3,701,422
Total non-current assets		3,461,395	3,747,556
Current assets			
Trade and other receivables	18	3,425	892
Prepayments	19	24,587	13,692
Cash and cash equivalents	20	1,051,283	128,808
Total current assets		1,079,295	143,392
Total assets		4,540,690	3,890,948
Equity and liabilities			
Equity			
Accumulated surplus	22.1	1,576,366	1,579,571
Fair value reserve	22.2	1,950,412	2,239,639
Total equity		3,526,778	3,819,209
Current liabilities			
Account and other payables	21	1,013,912	71,738
Total current liabilities		1,013,912	71,738
Total equity and liabilities		4,540,690	3,890,947

The financial statements were approved by the Trustees to the Foundation on 08 December 2020 , and signed on its behalf by:

Mr. Tony O. Elumelu, CON	Mrs. Awele V. Elumelu	Mr. John Okonkwo
Chairman	Trustee	Chief Financial Officer
FRC/2013/CIBN/00000002590	FRC/2013/MDCAN/00000004705	FRC/2013/ICAN/00000004692

The accompanying notes form an integral part of these financial statements

THE TONY ELUMELU FOUNDATION

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Accumulated surplus	Available-for-sale reserve	Total
As at 1 January 2019	1,579,571	2,239,639	3,819,209
Deficit for the year	(3,205)	-	(3,205)
Other comprehensive deficit	-	(289,226)	(289,226)
As at 31 December 2019	1,576,366	1,950,413	3,526,779
As at 1 January 2018	1,614,468	3,453,754	5,068,222
Deficit for the year	(34,897)	-	(34,897)
Other comprehensive deficit	-	(1,214,115)	(1,214,115)
As at 31 December 2018	1,579,571	2,239,639	3,819,209

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
Operating activities	Notes	₦'000	₦'000
Deficit for the year		(3,205)	(34,897)
Non-cash adjustment:			
Depreciation of property and equipment	15	1,442	3,294
Amortisation of intangible asset	16	7,461	5,052
Credit loss (reversal)/expense	13	(17,053)	145,669
Finance income	6	(1,610)	(310)
Foreign exchange gain	7	(40)	(24,023)
Working capital adjustments:			
Changes in loans and receivables		31,380	18,210
Changes in prepayments		(10,895)	14,673
Changes in account and other payables		942,174	(16,034)
Interest received	6	1,610	310
Net cash inflows from operating activities		951,265	111,944
Investing activities			
Purchase of property and equipment	15	(5,087)	(2,720)
Purchase of intangible asset	16	(6,881)	(18,250)
Net cash outflows used in investing activities		(11,968)	(20,970)
Net increase in cash and cash equivalents		939,295	74,973
Expected credit loss on cash and cash equivalents		(16,860)	-
Net foreign exchange differences		40	24,023
Cash and cash equivalents as at beginning		128,808	29,812
Cash and cash equivalents as at closing		1,051,283	128,808

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 were authorised for issue in accordance with a resolution of the Trustees on 08 December 2020.

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 where otherwise stated

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 (₦'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.

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, finance 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 profit or loss.

Dividends

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

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.

2.2.3 Intangible assets -Continued

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 property 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 property 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 property and equipment for the purpose of depreciation are as follows:

	Number of years
Property and equipment	4
Motor vehicles	4
Computer equipment	5

An item of property and equipment is de-recognised upn disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recongtion 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 property 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

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

2.2.6 Financial instruments - Continued

Financial assets

Initial recognition and measurement

Financial assets and liabilities are initially recognised on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

The Foundation classifies its financial assets under IFRS 9, into the following measurement categories:
• those to be measured at fair value through other Comprehensive Income (FVOCI) (equity instrument); and
• those to be measured at amortised cost (debt instrument).

The classification depends on the Foundation's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test).
The Foundation also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

The Foundation's financial assets include cash and cash equivalents, Trade and other receivables, Equity instrument held at fair value through other comprehensive income.

Subsequent measurement

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

Debt instruments

The classification and subsequent measurement of debt instruments depend on the Foundation's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Foundation classifies its debt instruments using the Amortised cost method

Amortised cost

Financial assets such as loans and advances that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

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.

Equity instruments

The Foundation subsequently measures all its equity investments at fair value through Other Comprehensive Income (FVOCI). Changes in the fair value of financial assets at fair value through Other Comprehensive Income are recognised in Other Comprehensive Income. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. Included in this classification are quoted and unquoted financial investments.

2.2.6 Financial instruments - Continued

Reclassifications

The Foundation reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Foundation reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:
• A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
• A temporary disappearance of a particular market for financial assets
• A transfer of financial assets between parts of the entity with different business models

Modifications

If the terms of a financial asset are modified, the Foundation evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised in profit or loss.

Impairment of financial assets

Overview of the ECL principles

The Foundation assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL. In this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

2.2.6 Financial instruments - Continued

Impairment of financial assets -Continued

The Foundation has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering if it is 30 days past due. Based on the above process, the Foundation groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

• Stage 1: When loans are first recognised, the Foundation recognises an allowance based on 12 months expected credit losses (12mECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Foundation records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

• Stage 3: These are loans considered as credit-impaired. The Foundation records an allowance for the LTECLs.

POCI: The Foundation does not have purchased or originated credit impaired (POCI) assets in its portfolio.

The calculation of ECLs

The Foundation calculates ECLs based on three economic scenarios (base case, best case and worst case) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Foundation considers three economic scenario which are considered to be the upturn economic scenario, downturn economic scenario and base case economic scenario. The assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Foundation has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

The mechanics of the ECL method are summarised below:

Impairment of financial assets -Continued

Stage 1

• The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Foundation calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

• These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

• When a financial instrument has shown a significant increase in credit risk since origination, the Foundation records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3

• For financial instruments considered credit-impaired (as defined in the Note), the Foundation recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

• continued contact with the customer is impossible;
• recovery cost is expected to be higher than the outstanding debt;
• amount obtained from realization of credit collateral security leaves a balance of the debt; or
• it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board of Trustees as defined by the Foundation. Credit write-off approval is documented in writing and properly initialed by the Board of Trustees. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Foundation determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Foundation's procedures for recovery of amount due.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Foundation's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

Forward-looking information

In its ECL models, the Foundation relies on a broad range of forward looking information as economic inputs, such as:

• GDP growth
• Unemployment rates
• Inflation rates
• Foreign exchange rates
• Market growth rates

Forward-looking information - Continued

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Derecognition of financial assets

The derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Foundation is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Offsetting financial instruments

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

Financial liabilities

Initial and subsequent measurement

Financial liabilities are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Foundation classifies financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading liabilities are recorded and measured in the statement of financial position at fair value.

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Reclassification

Financial liabilities are not reclassified after initial classification.

2.2.6 Financial instruments - Continued

Financial assets carried at amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

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. Intereest 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 incoem 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 stimated 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.

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.

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.

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.

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.

2.2.9 Fair value reserve

Fair reserve comprises changes in fair value of financial assets at fair value through other comprehensive income (FVOCI)

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 and in any future periods affected.

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.

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.

4.1 New standards and interpretations 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 and interpretations, if applicable, when they become effective.

• Other standards, interpretations and amendments that are issued, but not yet effective, include:

a IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Foundation does not expect this interpretation to have any impact on the financial statements.

b Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments do not have an impact on the financial statements of the Foundation as it has no Associates and Joint Ventures.

4.2 ADOPTION OF NEW AND REVISED STANDARDS

New and amended standards adopted by the Foundation

Several amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Foundation.

a IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In applying IFRS 16 for the first time, the Foundation will use the following practical expedients permitted by the standard:
• the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2018 as short-term leases.

In these financial statements, the adoption of IFRS 16 in 2019 does not have material impact on the Foundation.

b Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Foundation because the Foundation does not have debt instruments with prepayment features with potentially negative compensation.

c Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
• Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
• Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments have no impact on the financial statements of the Foundation.

d Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Foundation does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

e Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

• IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will not have an impact on the Foundation's financial statements.

• IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Foundation but may apply to future transactions.

• IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Foundation's current practice is in line with these amendments, the Foundation does not expect any effect on its financial statements.

• IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Foundation expects that this amendment will not have any effect on its financial statements.

4.4 Significant accounting judgements, estimates and assumptions

In the application of the Foundation's accounting policies, the Trustees are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Foundation’s accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Foundation’s accounting policies and that have the most significant effect on the amounts recognised in financial statements

Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. The Directors have made assessment of the Foundation's ability to continue as a going concern and have no reason to believe that the Foundation will not remain a going concern in the next 12 months ahead.

Estimates and assumptions

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.

(i) 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. Any material adjustment to the estimated useful lives of items of property and equipment and intangibles will have an impact on the carrying value of these items.

(ii) Determination of impairment of property and equipment, and intangible assets

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets excluding goodwill, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount.

The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Fair value less cost to sell is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the profit or loss in the period in which it occurs. In subsequent years, the Foundation assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in other operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

(iii) Fair value measurement of financial instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

· The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;

- Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and
- Judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

Fair value measurement

The Foundation measures financial instruments, such as, quoted equities, at fair value at each reporting date. 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 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4.8 Other income

Included in other income are exchange gain, dividend and corporate social responsibility income.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019 ₦'000	2018 ₦'000
5	Grant Income		
	Grant Income	1,795,973	1,566,728
6	Finance income		
	Interest income on loans and receivables	58	58
	Interest income on deposits	1,552	252
		1,610	310
7	Other income		
	Exchange gain	40	24,023
	Corporate Social Responsibility income	396,673	419,332
	Dividend income	366,427	367,618
		763,140	810,973
8	TEF Entrepreneurship Program Expenses (TEFEP Expenses)		
	TEFEP expenses	1,900,733	1,904,364
9	Travel expenses		
	Travel expenses	51,144	28,672
10	Event & publicity expenses		
	Event & publicity expenses	19,321	56,722
11	Personnel expenses		
	Defined contribution expense	8,757	7,723
	Salaries and allowances	216,563	174,244
		225,320	181,967

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		₦'000	₦'000
12	Professional and consulting expenses		
	Consulting expenses	19,419	11,193
		19,419	11,193
13	Other operating expenses		
	Application Drive Expenses	236,084	-
	General office expenses	77,412	22,494
	Other administrative expenses	37,306	48,144
	Repairs & maintenance	413	741
	Entertainment expenses	366	259
	Insurance expenses	279	50
	Impairment (reversal)/charges on financial assets(Note 13.1)	(17,053)	145,669
	Regulatory & levy expenses	84	1,547
		334,891	218,904

13.1 Impairment charges on financial assets

31 December 2019	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	16,860	-	-	16,860
Trade and other receivables	(33,913)	-	-	(33,913)
Impairment charge on financial assets	(17,053)	-	-	(17,053)

31 December 2018	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	-	-	-	-
Trade and other receivables	33,913	-	111,756	145,669
Impairment charge on financial assets	33,913	-	111,756	145,669

		2019	2018
14	Finance and other charges		
	Bank charges	4,197	2,740
		4,197	2,740

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Property and equipment

	Motor vehicle	Property & equipment	Computer equipment	Furniture & Fittings	Total
	₦'000	₦'000	₦'000		₦'000
Cost:					
As at 1 January 2018	21,295	1,001	7,110	-	29,406
Additions		-	2,720	-	2,720
As at 31 December 2018	21,295	1,001	9,830	-	32,126
Additions	-	-	4,924	163	5,087
Disposal	(8,000)	-	-	-	(8,000)
As at 31 December 2019	13,295	1,001	14,754	163	29,213
Accumulated depreciation:					
As at 1 January 2018	18,587	901	5,894		25,382
Additions	2,500	86	708		3,294
As at 31 December 2018	21,087	987	6,602	-	28,676
Additions	208	14	1,213	7	1,442
Disposal	(8,000)	-	-	-	(8,000)
As at 31 December 2019	13,295	1,001	7,815	7	22,118
Net Book Value:					
As at 31 December 2018	208	14	3,228	-	3,450
As at 31 December 2019	-	-	6,939	156	7,095

16 Intangible assets

Cost:	
As at 1 January 2018	36,104
Additions	18,250
As at 31 December 2018	54,354
Additions	6,881
As at 31 December 2019	61,235
Accumulated amortisation:	
As at 1 January 2018	6,618
Additions	5,052
As at 31 December 2018	11,670
Additions	7,461
As at 31 December 2019	19,131
Net Book Value:	
As at 31 December 2018	42,684
As at 31 December 2019	42,104

Intangible assets represent the costs incurred in the procurement and installation of accounting and other software.

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
		₦'000	₦'000
17	Financial assets at fair value through OCI		
	Quoted equities		
	Afriland Properties Plc	20,651	23,467
	Africa Prudential Plc	71,339	66,048
	United Capital Plc	122,880	144,384
	United Bank for Africa Plc	3,197,326	3,467,523
	Balance of financial assets at fair value through OCI	3,412,196	3,701,422

Quoted Equites; the value of the quoted investments are not below the market price.

17.1	Movement in quoted securities:		
	Opening balance	3,701,422	4,915,537
	Valuation gains/(losses)	(289,226)	(1,214,115)
	Decrease in fair value	3,412,196	3,701,422
18	Trade and other receivables		
	Staff loans	2,797	382
	Account and other receivables	628	510
	Receivables from related parties	-	33,913
		3,425	34,805
	Impairment on Trade and other receivables	-	(33,913)
		3,425	892

18.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to trade and other receivables is as follows:

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2019	34,805	-	-	34,805
New assets originated or purchased	2,533	-	-	2,533
Payments and asset derecognised (excluding write offs)	(33,913)	-	-	(33,913)
Gross carrying amount as at 31 December 2019	3,425	-	-	3,425

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2019	33,913	-		33,913
New assets originated or purchased	-	-	-	-
Payments and asset derecognised (excluding write offs)	(33,913)	-	-	(33,913)
ECL allowance as at 31 December 2019	-	-	-	-

	2019 ₦'000	2018 ₦'000
19 Prepayments		
Prepaid insurance	822	831
Prepaid subscription	2,868	3,052
Prepaid others	20,897	9,809
	24,587	13,692
20 Cash and cash equivalent		
Cash	10	124
Cash in bank	24,105	113,422
Call deposits	1,044,028	15,262
	1,068,143	128,808
Less: Allowance for ECL (Note 13.1)	(16,860)	-
	1,051,283	128,808

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to cash at banks is as follows:

20.1

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2019	128,808	-	-	128,808
New assets originated or purchased	939,335	-	-	939,335
Gross carrying amount as at 31 December 2019	1,068,143	-	-	1,068,143

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2019	-	-		-
New assets originated or purchased	16,860	-	-	16,860
Payments and asset derecognised (excluding write offs)	-	-	-	-
ECL allowance as at 31 December 2019	16,860	-	-	16,860

21 Account and other payables	₦'000	₦'000
Account payable	41,861	12,172
Withholding tax payable	2,658	2,109
PAYE payable	2,218	2,524
Employee benefit payable	2,941	4,440
Other payables	964,234	50,493
	1,013,912	71,738

22 Equity

22.1 Accumulated surplus

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

22.2 Fair value reserve

The fair value 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.

22.3 Movement in the items of other comprehensive income	2019	2018
	₦'000	₦'000
Opening balance	2,239,639	3,453,754
(Loss)/gain arising from remeasurement of financial assets at fair value through OCI	(289,226)	(1,214,115)
	1,950,412	2,239,639

23 Fair value of financial instruments

The financial instruments held by the Foundation comprises cash and cash equivalents, financial assets at FVOCI, loans and receivables.

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.

24 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.

24 Financial risk management - Continued

24.1 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.

24.1.1 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 N3,412,96,000 (31 December 2018: N3,701,422,000). A decrease of 10% on the Nigerian Stock Exchange (NSE) market index could have an impact of approximately N341,296,000 (31 December 2018: N370,142,200) 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			
	₦'000	₦'000	₦'000	₦'000
As at 31 December 2019 Rate sensitive assets				
Loans and receivables	81	161	(81)	(161)
As at 31 December 2018 Rate sensitive assets				
Bank placements and trade and other receivables	16	31	(16)	(31)

24.1.2 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 Foundation's exposure to foreign currency exchange rate risk at 31 December 2019 and 31 December 2018. Included in the table are the Foundation's financial instruments at carrying amounts, categorised by currency.

	NAIRA	GBP	USD	EURO	TOTAL
	₦'000	₦'000	₦'000	₦'000	₦'000
As at 31 December 2019					
Cash and cash equivalents	49,398	215	1,001,466	204	1,051,283
Loans and receivables	3,425	-	-	-	3,425
Prepayments	24,587	-	-	-	24,587
Finacial assets at FVOCI	3,412,196	-	-	-	3,412,196
	3,489,606	215	1,001,466	204	4,491,491
Account and other payables	1,013,912	-	-	-	1,013,912
	1,013,912	-	-	-	1,013,912
Net open currency position	2,475,694	215	1,001,466	204	3,477,579
As at 31 December 2018					
Cash and cash equivalents	25,487	175	50,291	36535	128,808
Trade and other receivables	893,303	-	-	-	893,303
Prepayments and other assets	13,692	-	-	-	13,692
Finacial assets at FVOCI	3,813,178	-	-	-	3,813,178
	4,745,660	175	50,291	36,535	4,848,981
Account and other payables	71,738	-	-	-	71,738
	71,738	-	-	-	71,738
Net open currency position	4,673,922	175	50,291	36,535	4,777,243

24 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
31 December 2019			
Euro	5	10	(10)
USD	5	50,073	(50,073)
Pounds	5	11	(11)
31 December 2018			
Euro	5	1,827	(1,827)
USD	5	2,515	(2,515)
Pounds	5	9	(9)

24.2 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 maximum exposure to credit risk

	2019 ₦'000	2018 ₦'000
Loans and receivables	3,425	892
Cash and cash equivalents	1,051,283	128,808

24.3 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 ₦'000	1-3 ₦'000	3 -12 months ₦'000	No maturity ₦'000	Total ₦'000
31 December 2019					
Financial assets					
Financial assets at fair value through OCI	-	-	-	3,412,196	3,412,196
Loans and receivables	23	-	453	2,949	3,425
Cash and cash equivalents	1,051,283	-	-	-	1,051,283
	1,051,306	-	453	3,415,145	4,466,904

24 Financial risk management - Continued

24.3 Liquidity risk - Continued

	On demand ₦'000	1-3 ₦'000	3 -12 months ₦'000	No maturity ₦'000	Total ₦'000
Financial liabilities					
Account and other payables	35,574	-	978,338	-	1,013,912
	35,574	-	978,338	-	1,013,912
Total liquidity gap	1,015,732	-	(977,885)	3,415,145	3,452,992

	On demand ₦'000	1-3 ₦'000	3 -12 months ₦'000	No maturity ₦'000	Total ₦'000
31 December 2018					
Financial assets					
Financial assets at fair value through OCI	-	-	-	3,701,422	3,701,422
Loans and receivables	6	-	118	768	892
Cash and cash equivalents	128,808	-	-	-	128,808
	128,814	-	118	3,702,190	3,831,122
Financial liabilities					
Borrowings	-	-	-	-	-
Account and other payables	2517	-	69,221	-	71,738
	2,517	-	69,221	-	71,738
Total liquidity gap	126,297	-	(69,103)	3,702,190	3,759,384

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

24.4 Capital Management

The Tony Elumelu Foundation has ₦1.068 billion in liquid funds (31 December 2018 ₦129 million) and ₦3.41 billion in quoted equities (31 December 2018: ₦3.70billion). 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.

	2019	2018
Debt(₦'000)	1,013,912	71,738
Equity (₦'000)	3,526,778	3,819,209
Debt/equity ratio	0.29	0.02
Target ratio	0.33	0.33

25 Related party disclosures

Emolument of Trustees:
None of the Trustees received any emoluments during the year.

26 Contingent liabilities, commitments and operating lease arrangements

There were no known contingent liabilities and capital commitments as at 31 December 2019 (31 December 2018: nil).

27 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.

Subsequent to year end, the world witnessed the outbreak of coronavirus pandemic, which crippled economic activities and set many organisations back. Recovery is gradual and ongoing for many organisations. In response, the Tony Elumelu Foundation moved the 2020 Tony Elumelu Foundation Entrepreneurship Programme to 2021 and activated its business continuity framework to deal with the effect of the pandemic. The Foundation also used the opportunity created by the pandemic to further re-jig its operations, enhance its information technology infrastructure, and update the educational contents of its programmes.

The Trustees and Management of the Tony Elumelu Foundation continue to monitor the pandemic as well as the response to it by the Federal Government of Nigeria and the world at large. This monitoring ensures that dynamic strategies are developed and used to ensure that the negative impact of coronavirus is minimised while the opportunities presented by the pandemic are optimized.

Based on the above and ongoing assessment by the Board of Trustees, the outbreak of coronavirus and its continuing effects will not affect the Foundation’s ability to continue as a going concern.
There are no other events after the reporting date that could have a material effect on the affairs of the Foundation as at 31 December 2019 or the profit or loss for the year ended on that date.