The Tony Elumelu Foundation
Annual Financial Statements
For the Year Ended 31 December 2020

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

FOUNDATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

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:	Jackson Etti & Edu 3-5 Sinari Daranijo Street Victoria Island Lagos. Oluwayemisi & Co Suit B42 Shakir Plaza Area 11 Garki Abuja
RC NO.:	CAC/IT/39632
Website:	http://tonyelumelufoundation.org

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees have pleasure in submitting to the members of The Tony Elumelu Foundation ("the Foundation") the audited financial statements for the year ended 31 December 2020. In preparing these financial statements and the comparative financial information, the Foundation has applied International Financial Reporting Standard ("IFRS") issued by International Accounting Standard Board ("IASB") and the provisions of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No 6, 2011.

PRINCIPAL ACTIVITIES
The Tony Elumelu Foundation is an Africa-based 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 Indorama Eleme Petrochemicals Limited (Sponsorship of Additional Entrepreneurs)
2 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (Sponsorship of Additional Entrepreneurs)
3 African Development Bank (AfDB) (Sponsorship of Additional Entrepreneurs)
4 Anambra State Government (ANSG)- (Sponsorship of Additional Entrepreneurs)
5 CEDA, Government of Botswana- (Sponsorship of Additional Entrepreneurs)
6 International Committee of the Red Cross (ICRC) (Sponsorship of Additional Entrepreneurs)
7 Seme City (Government of Benin Republic) (Sponsorship of Additional Entrepreneurs)
8 United Nations Development Programme (UNDP) (Sponsorship of Additional Entrepreneurs)
9 US Consulate Nigeria- (Sponsorship of Additional Entrepreneurs)
10 Agence Francaise Development (AFD) de-risking facility (Access to 2nd Stage Financing)
11 Institut Français de Recherche en Afrique (IFRA) (Research Partnership)

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 2020 that would affect the financial statements as presented.

OPERATING RESULTS
Highlights of the operating results are as follows:

	2020 ₦'000	2019 ₦'000
Total revenue	3,115,445	2,560,723
Total expenses	(2,246,352)	(2,563,927)
Surplus/(deficit) for the year	869,093	(3,204)

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	-	Founder/Chairman
Mrs. Awele V. Elumelu	-	Trustee
Mr. Alex Trotter	-	Trustee

REPORT OF THE TRUSTESS - Continued
FOR THE YEAR ENDED 31 DECEMBER 2020

TRUSTEES' INTERESTS IN CONTRACT

None of the Trustees has notified the Foundation for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 of any direct or indirect interest in contracts with which the Foundation is involved as at 31 December 2020.

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is provided in Note 11 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 2020 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 2020
SUBSEQUENT EVENTS

As stated in Note 24, no other events or transactions have occurred since the year end which would have a material effect on the financial statements as presented.

AUDITORS
Messrs Ernst and Young, having expressed their willingness, will continue in office as auditors of the Foundation in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD

Oyeduntan

Oyindamola Oyeduntan
FRC/2017/NBA/00000016186
Secretary
12 October 2021

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

FOR THE YEAR ENDED 31 DECEMBER 2020

The Companies and Allied Matters Act, 2020, 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, 2020, 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, 2020
- 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

12 October 2021

Building a better working world

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Tony Elumelu Foundation ('the Foundation'), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of The Tony Elumelu Foundation as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards , the provisions of the Companies and Allied Matters Act, 2020 and in compliance with 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 Foundation in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the document titled "The Tony Elumelu Foundation Annual Financial Statements for the year ended 31 December 2020", which includes the Foundation Information, Report of the Trustees, Statement of Trustees responsibilities in Relation to the Preparation of the Financial Statements and Other National Disclosures. 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE TONY ELUMELU FOUNDATION – Continued

Responsibilities of the Trustees 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, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 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 auditor's 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 scepticism 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE TONY ELUMELU FOUNDATION – Continued

- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the 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 Foundation 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 the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- 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.
- In our opinion, proper books of account have been kept by the Foundation in so far as appears from our examination of those books;
- The Foundation's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Abiodun Akinnusi
FRC/2021/004/00000023386

For: Ernst & Young
Lagos, Nigeria

18 October 2021

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1078324

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 ₦'000	2019 ₦'000
Grant income	4	2,101,856	1,795,973
Finance income	5	25,078	1,610
Other income	6	988,511	763,140
Total revenue		3,115,445	2,560,723
TEF Entrepreneurship Program expenses	7	(1,810,382)	(1,900,732)
Travel expenses		(4,946)	(51,144)
Event and publicity expenses		(8,575)	(19,321)
Personnel expenses	8	(209,748)	(225,320)
Professional and consulting expenses		(18,190)	(19,419)
Other operating expenses	9	(192,974)	(351,944)
Impairment (charge)/reversal on financial assets	10	12,569	17,053
Bank charges		(2,124)	(4,197)
Depreciation of property and equipment	11	(1,813)	(1,442)
Amortisation of intangible assets	12	(10,169)	(7,461)
Total expenses		(2,246,352)	(2,563,927)
Surplus/(deficit) for the year		869,093	(3,204)
Other comprehensive income:			
Items to be subsequently reclassified to surplus or deficit:			
Fair value changes in financial asset at FVOCI	19.3	843,912	(289,226)
Total other comprehensive income/(deficit)		843,912	(289,226)
Total comprehensive income/(deficit) for the year		1,713,005	(292,430)

The accompanying notes form an integral part of these financial statements

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020	2019
Assets	Notes	₦'000	₦'000
Non-current assets			
Property and equipment	11	6,022	7,095
Intangible assets	12	68,200	42,104
Financial assets at fair value through OCI	13	4,256,108	3,412,196
Total non-current assets		4,330,330	3,461,395
Current assets			
Financial assets at amortised cost	14	863,244	-
Loans and other receivables	15	12,878	3,425
Prepayments	16	23,423	24,587
Cash and cash equivalents	17	112,820	1,051,283
Total current assets		1,012,365	1,079,295
Total assets		5,342,695	4,540,690
Equity and liabilities			
Equity			
Accumulated surplus		2,445,459	1,576,366
Fair value reserve		2,794,325	1,950,413
Total equity		5,239,784	3,526,779
Current liabilities			
Account and other payables	18	102,911	1,013,911
Total current liabilities		102,911	1,013,911
Total equity and liabilities		5,342,695	4,540,690

The financial statements were approved by the Trustees to the Foundation on 12 October 2021, and signed on its behalf by:

Mr. Tony O. Elumelu, CON	Mrs. Awele V. Elumelu	Mr. Ayodeji Adigun
Chairman	Trustee	Chief Financial Officer
FRC/2013/CIBN/00000002590	FRC/2013/MDCAN/00000004705	FRC/2018/ICAN/00000018117

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated surplus	Available-for-sale reserve	Total
As at 1 January 2020	1,576,366	1,950,413	3,526,779
Surplus for the year	869,093	-	869,093
Other comprehensive surplus	-	843,912	843,912
As at 31 December 2020	2,445,459	2,794,325	5,239,784
As at 1 January 2019	1,579,570	2,239,639	3,819,209
Deficit for the year	(3,204)	-	(3,204)
Other comprehensive deficit	-	(289,226)	(289,226)
As at 31 December 2019	1,576,366	1,950,413	3,526,779

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 ₦'000	2019 ₦'000
Operating activities			
Surplus/(deficit) for the year		869,093	(3,204)
Non-cash adjustment:			
Depreciation of property and equipment	11	1,813	1,442
Amortisation of intangible asset	12	10,169	7,461
Credit loss (reversal)/expense	10	(12,569)	(17,053)
Loss on disposal of property, plant and equipment		553	-
Dividend income	6	(358,873)	(366,427)
Foreign exchange gain	6	(18,018)	(40)
		492,168	(377,821)
Working capital adjustments:			
Changes in Loans and other receivables		(9,565)	31,380
Changes in prepayments		1,164	(10,895)
Changes in account and other payables		(911,000)	942,172
Net cash flows (used in)/from operating activities		(427,233)	584,836
Investing activities			
Purchase of property and equipment	11	(1,293)	(5,087)
Purchase of intangible asset	12	(36,265)	(6,881)
Dividend received	6	358,873	366,427
Net cash generated from investing activities		321,315	354,459
Net (decrease) / increase in cash and cash equivalents		(971,541)	939,295
Expected credit loss reversal/(expense) on cash and cash equivalents		15,060	(16,860)
Net foreign exchange differences		18,018	40
Cash and cash equivalents as at beginning		1,051,283	128,808
Cash and cash equivalents as at closing		112,820	1,051,283

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 were authorised for issue in accordance with a resolution of the Trustees on 8 October 2021.

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.

Other income

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

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 profit or loss in the expense category consistent with the function of the intangible asset.

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

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

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

2.2.4 Property and equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment if the recognition criteria are met. When significant parts of 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
Furniture and Fittings	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 profit or loss 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 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.

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, Loans 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.

2.2.6 Financial instruments - Continued

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 financial investments.

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 receivables. 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.

The Foundation recognises a loss allowance for expected credit losses (ECL) on cash and bank balances, intercompany receivables and Staff loans. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all financial instruments (intercompany receivables, Staff loans and bank balances), the Foundation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Foundation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The calculation of ECLs

The Foundation calculates ECLs based on three economic scenarios (upturn economic scenario, downturn economic scenario and base case economic scenario) 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.

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.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time.

Impairment of financial assets -Continued

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 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.

The mechanics of the ECL method are summarised below:

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

The Foundation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Foundation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Forward-looking information

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

• Inflation rates
• Unemployment rates
• Crude oil price

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 Foundation 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

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Foundation's financial liabilities include trade and other payables and due to related parties

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.

2.2.7 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.

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.

2.2.7 Fair value measurement - Continued

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.

Financial liabilities

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.

2.2.8 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.

2.2.9 Taxation

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

2.2.10 Fair value reserve

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

3.0 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.

3.0 Significant accounting judgements, estimates and assumptions -Continued

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. 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.

(ii) 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.

(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;

(iii) Fair value measurement of financial instruments - Continued

· 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.

(iv) Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.
The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.The Foundation does not originate or purchase credit impaired loans or receivables.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:
1) The contractual cash flows that are due to the Foundation under the contract; and
2) The cash flows that the Foundation expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:
• The Foundation's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life-Time Expected Credit Lossess (LTECL) basis and the qualitative assessment
• The development of ECL models including the various formulas and the choice of inputs, determination of associations between macroeconomic scenarios and economic inputs such as unemployment levels and collateral values, and the effect on Probability of Defaults (PDs), Exposure at Defaults (EADs), and Loss Given Defaults (LGDs).
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:
The expected life time of a financial asset is a key factor in determining the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Foundation measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

3.1 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 2023, 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.

		2020	2019
		₦'000	₦'000
4	**Grant Income**		
	AFDB Grant income	1,738,504	-
	Other Grant income	363,352	1,795,973
		2,101,856	1,795,973
5	**Finance income**		
	Interest income on staff loan	463	58
	Interest income on deposits	24,615	1,552
		25,078	1,610
6	**Other income**		
	Corporate Social Responsibility income (Note 6.1)	603,469	396,444
	Dividend income	358,873	366,427
	Exchange gain	18,018	40
	Other income	8,151	229
		988,511	763,140

6.1 The Corporate Social Responsibility(CSR) income relates to contributions made by Companies towards the Foundations CSR initiatives and Programmes.

		2020	2019
7	**TEF Entrepreneurship Program Expenses (TEFEP Expenses)**		
	AFDB Grant expenses	1,738,504	-
	TEFEP expenses	71,878	1,900,732
		1,810,382	1,900,732
8	**Personnel expenses**		
	Salaries and allowances	200,642	216,563
	Defined contribution expense	9,106	8,757
		209,748	225,320

		2020 ₦'000	2019 ₦'000
9	Other operating expenses		
	Application Drive Expenses	72,394	236,084
	General office expenses	18,523	77,412
	Other administrative expenses	101,248	37,306
	Repairs & maintenance	280	413
	Entertainment expenses	296	366
	Insurance expenses	171	279
	Regulatory & levy expenses	62	84
		192,974	351,944
10	Impairment charge/(reversal) on financial assets(Note 10.1)	(12,569)	(17,053)
		(12,569)	(17,053)

10.1 Impairment charges on financial assets

31 December 2020	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents	(15,060)	-	-	(15,060)
Loans and other receivables	2,491	-	-	2,491
Impairment charge on financial assets	(12,569)	-	-	(12,569)

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

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Property and equipment

	Motor vehicle	Property & equipment	Computer equipment	Furniture & Fittings	Total
	₦'000	₦'000	₦'000		₦'000
Cost:					
As at 1 January 2019	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
Additions	-	-	1,293	-	1,293
Disposal	-	-	(764)	-	(764)
As at 31 December 2020	13,295	1,001	15,283	163	29,742
Accumulated depreciation:					
As at 1 January 2019	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
Additions	-	-	1,773	40	1,813
Disposal	-	-	(211)	-	(211)
As at 31 December 2020	13,295	1,001	9,377	47	23,720
Net Book Value:					
As at 31 December 2019	-	-	6,939	156	7,095
As at 31 December 2020	-	-	5,906	116	6,022

12 Intangible assets

Cost:	
As at 1 January 2019	54,354
Additions	6,881
As at 31 December 2019	61,235
Additions	36,265
As at 31 December 2020	97,500
Accumulated amortisation:	
As at 1 January 2019	11,670
Additions	7,461
As at 31 December 2019	19,131
Additions	10,169
As at 31 December 2020	29,300
Net Book Value:	
As at 31 December 2019	42,104
As at 31 December 2020	68,200

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

		2020 ₦'000	2019 ₦'000
13	Financial assets at fair value through OCI		
	Quoted equities		
	Afriland Properties Plc	12,954	20,651
	Africa Prudential Plc	106,667	71,339
	United Capital Plc	241,153	122,880
	United Bank for Africa Plc	3,895,334	3,197,326
	Balance of financial assets at fair value through OCI	4,256,108	3,412,196

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

13.1	Movement in quoted securities:		
	Opening balance	3,412,196	3,701,422
	Valuation gains/(losses)	843,912	(289,226)
	Balance of financial assets at fair value through OCI	4,256,108	3,412,196

14	Financial assets at amortised cost		
	Financial assets at amortised cost	865,623	-
		865,623	-
	Impairment on Financial assets at amortised cost	(2,379)	-
		863,244	-

The financial assets at amortised cost relates to amounts due from a related party. Refer to Note 22 for more details.

15	Loans and other receivables		
	Staff loans	11,911	2,797
	Other receivables	1,079	628
		12,990	3,425
	Impairment on Loans and other receivables	(112)	-
		12,878	3,425

15.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2020	3,425	-	-	3,425
New assets originated or purchased	875,188	-	-	875,188
Gross carrying amount as at 31 December 2020	878,613	-	-	878,613

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2020	-	-	-	-
New assets originated or purchased	2,491	-	-	2,491
ECL allowance as at 31 December 2020	2,491	-	-	2,491

15.2 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
Payments and asset derecognised (excluding write offs)	(33,913)	-	-	(33,913)
ECL allowance as at 31 December 2019	-	-	-	-

	2020 ₦'000	2019 ₦'000
16 Prepayments		
Prepaid insurance	2,340	822
Prepaid subscription	1,819	2,868
Prepaid others	19,264	20,897
	23,423	24,587

	2020 ₦'000	2019 ₦'000
17 Cash and cash equivalent		
Cash	10	10
Cash in bank	114,610	1,068,133
	114,620	1,068,143
Less: Allowance for ECL (Note 17.1)	(1,800)	(16,860)
	112,820	1,051,283

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

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
Gross carrying amount as at 1 January 2020	1,068,143	-	-	1,068,143
Payments and asset derecognised (excluding write offs)	(953,523)	-	-	(953,523)
Gross carrying amount as at 31 December 2020	114,620	-	-	114,620

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2020	16,860	-	-	16,860
Payments and asset derecognised (excluding write offs)	(15,060)	-	-	(15,060)
ECL allowance as at 31 December 2020	1,800	-	-	1,800

17.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to cash at banks 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	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
ECL allowance as at 31 December 2019	16,860	-	-	16,860

18 Account and other payables	₦'000	₦'000
Account payable	5,661	41,861
Withholding tax payable	1,851	2,658
PAYE payable	2,028	2,218
Industrial Training Fund Payable	1,945	2,941
Other payables (Note 18.1)	91,426	964,233
	102,911	1,013,911

18.1 Other payables relates to money received from Partners for project expenses that are yet to be disbursed as at year end.

19 Equity

19.1 Accumulated surplus

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

19.2 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.

19.3 Movement in the items of other comprehensive income	2020	2019
	₦'000	₦'000
Opening balance	1,950,413	2,239,639
Gain/(loss) arising from remeasurement of financial assets at fair value through OCI	843,912	(289,226)
	2,794,325	1,950,413

20 Fair value of financial instruments

Determination of fair value and fair values hierarchy

The financial instruments held by the Foundation comprises cash and cash equivalents, financial assets at FVOCI, Staff loans , related party receivables and Account and other payables

The Foundation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2020 ₦'000	2019 ₦'000
Assets measured at fair value		
Level 1		
Quoted equities	4,256,108	3,412,196
Assets for which fair value is disclosed		
	4,256,108	3,412,196

20 Fair value of financial instruments - Continued

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

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

Set out below is a comparison by class of the carrying amounts and fair values of the Foundation's financial instruments that are carried in the financial statements.

	Carrying value		Fair value	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents (Note 17)	112,820	1,051,283	112,820	1,051,283
Loans other receivables (Note 14)	12,878	3,425	630,728	3,425
Equity instruments held at fair value through Other Comprehensive Income (Note 13)	4,256,108	3,412,196	4,256,108	3,412,196
	4,381,806	4,466,904	4,999,656	4,466,904
Account and other payables (Note 18)	102,911	1,013,911	102,911	1,013,911
	102,911	1,013,911	102,911	1,013,911

21 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.

21.1 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.

21.1.1 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 N4,256,108,000 (31 December 2019: N3,412,196,000). A decrease of 10% on the Nigerian Stock Exchange (NSE) market index could have an impact of approximately N425,610,800 (31 December 2019: N341,219,600) 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 Basis Points	Plus 10 Basis Points	Minus 5 Basis Points	Minus 10 Basis Points
	Sensitivity of profit or loss & equity			
	₦’000	₦’000	₦’000	₦’000
As at 31 December 2020 Rate sensitive assets				
Bank placements and Loans and other receivables	1254	2,508	(1,254)	(2,508)
As at 31 December 2019 Rate sensitive assets				
Bank placements and Loans and other receivables	81	161	(81)	(161)

21.1.2 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 2020 and 31 December 2019. 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 2020					
Cash and cash equivalents	4,294	234	103,135	5,157	112,820
Loans and receivables	12,878	-	-	-	12,878
Finacial assets at FVOCI	4,256,108	-	-	-	4,256,108
	4,296,703	234	103,135	5,157	4,405,229
Account and other payables	102,911	-	-	-	102,911
	102,911	-	-	-	102,911
Net open currency position	4,193,792	234	103,135	5,157	4,302,318
As at 31 December 2019					
Cash and cash equivalents	49,398	215	1,001,466	204	1,051,283
Trade and other receivables	3,425	-	-	-	3,425
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

21 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 2020			
Euro	5	258	(258)
USD	5	5,157	(5,157)
Pounds	5	12	(12)
31 December 2019			
Euro	5	10	(10)
USD	5	50,073	(50,073)
Pounds	5	11	(11)

21.2 Credit risk

Credit risk arises from cash and cash equivalents, and short term deposits with banks and financial institutions. 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

	2020 ₦'000	2019 ₦'000
Loans and receivables	12,878	3,425
Cash and cash equivalents	112,820	1,051,283

21.3 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 months ₦'000	3 -12 months ₦'000	No maturity ₦'000	Total ₦'000
31 December 2020					
Financial assets					
Financial assets at fair value through OCI	-	-	-	4,256,108	4,256,108
Loans and receivables	-	-	11,799	1,079	12,878
Cash and cash equivalents	112,820	-	-	-	112,820
	112,820	-	11,799	4,257,187	4,381,806

21 Financial risk management - Continued

21.3 Liquidity risk - Continued

	On demand	1-3 months	3 -12 months	No maturity	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Financial liabilities					
Account and other payables	3,611	-	99,300	-	102,911
	3,611	-	99,300	-	102,911
Total liquidity gap	109,209	-	(87,501)	4,257,187	4,278,895

	On demand	1-3 months	3 -12 months	No maturity	Total
	₦'000	₦'000	₦'000	₦'000	₦'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
Financial liabilities					
Account and other payables	35574	-	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

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

22 Related party disclosures

22.1 Related company transactions

		Nature of transactions	Financial Asset at amortised cost (Note 14)	
Name of entity	Relationship		31-Dec-20	31-Dec-19
			₦'000	₦'000
Heirs Holdings Limited	Controlled by person with significant influence	Financial Asset	863,244	-

During the year, the Foundation entered an agreement with Heirs Holdings (A related party) to invest its excess funds at an agreed rate of 4% per anum for a period of one year. The transactions represents a hold to collect financial investment.

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

23 Contingent liabilities, commitments and operating lease arrangements
There were no known contingent liabilities and capital commitments as at 31 December 2020 (31 December 2019: nil).

24 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.

25 Grant contribution and disbursement

	AFDB				OTHER GRANTS			
	2020		2019		2020		2019	
	N'000'	$ '000'	N'000'	$ '000'	N'000'	$ '000'	N'000'	$ '000'
Balance brought forward	-	-			946,189	2,546	-	-
Receipts during the year								
1st Tranch	766,250	2,500	-	-	-	-	2,325,819	7,589
2nd Tranch	901,250	2,500	-	-	422,080	1,171	-	-
	1,667,500	5,000	-	-	1,368,269	3,717	2,325,819	7,589
Disbursement during the year								
Disbursement to Entrepreneurs in dollars	1,009,604	3,028	-	-	664,788	2,013	1,218,431	3,976
Disbursement to Entrepreneurs in Naira	728,900	1,970	-	-	308,520	857	276,480	768
Refund	-	-	-	-	222,758	673	-	-
Fees	-	-	-	-	18,975	50	64,355	210
Expenses incurred on the project	-	-	-	-	32,227	91	27,498	90
Net interest and bank charges	-	-	-	-	-	3	-	-
Realised Exchange gain on disbursement made in Naira/revaluation of balances	(71,905)	-	-		41,867	-	(207,134)	-
	1,666,599	4,998	-	-	1,289,135	3,687	1,379,629	5,043
Excess of receipts over disbursement	901	3	-	-	79,134	30	946,189	2,546

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2020

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	2020 ₦'000	%	2019 ₦'000	%
Grant income	2,101,856		702,283	
Bought-in- goods and services	(2,024,622)		(639,547)	
	77,234		62,736	
Other income	1,013,589		168,283	
Value added	1,090,823		231,019	
Applied as follows:		%		%
To pay employees:				
Staff costs	209,748	20	225,320	97
Consumed for assets replacement and future expansion of business:				
-depreciation	1,813	0	1,442	1
-amortization	10,169	1	7,461	3
Surplus/(deficit) for the year	869,093	79	(3,204)	(1)
	1,090,823	100	231,019	100

Value added represents the wealth which the Company has created on its own and its employees' efforts.

FIVE-YEAR FINANCIAL SUMMARY

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
	₦'000	₦'000	₦'000	₦'000	₦'000
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets					
Property and equipment	6,022	7,095	3,450	4,024	6,969
Intangible assets	68,200	42,104	42,684	29,486	19,408
Financial assets at fair value through OCI	4,256,108	3,412,196	3,701,422	5,027,293	2,355,574
Total non-current assets	4,330,330	3,461,395	3,747,556	5,060,803	2,381,951
Current assets					
Financial assets at amortised cost	863,244	-	-	-	-
Loans and other receivables	12,878	3,425	892	37,015	74,574
Prepayments	23,423	24,587	13,692	28,365	1,221
Cash and cash equivalents	112,820	1,051,283	128,808	29,812	129,694
Total current assets	1,012,365	1,079,295	143,392	95,192	205,489
Total assets	5,342,695	4,540,690	3,890,948	5,155,995	2,587,440
Equity and liabilities					
Equity					
Accumulated surplus	2,445,459	1,576,366	1,579,571	1,614,468	1,316,587
Fair value reserve	2,794,325	1,950,413	2,239,639	3,453,754	782,034
Total equity	5,239,784	3,526,779	3,819,209	5,068,222	2,098,621
Current liabilities					
Account and other payables	102,911	1,013,911	71738	87,773	488,819
Total current liabilities	102,911	1,013,911	71,738	87,773	488,819
Total equity and liabilities	5,342,695	4,540,690	3,890,947	5,155,995	2,587,440

PROFIT OR LOSS ACCOUNT

	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Total revenue	3,115,445	2,560,723	2,378,011	3,433,800	1,345,285
Total expenses	(2,246,352)	(2,563,927)	(2,412,908)	(3,135,919)	(1,260,020)
Surplus/(deficit) for the year	869,093	(3,204)	(34,897)	297,881	85,265
Total comprehensive income/(deficit) for the year	1,713,005	(292,430)	(1,249,012)	2,969,600	677,611