The Tony Elumelu Foundation
Annual Financial Statements
For the Year Ended 31 December 2021

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FOUNDATION INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES:	Mr. Tony O. Elumelu, CFR Mrs. Awele V. Elumelu Mr. Alex Trotter	- Founder/Chairman
CHIEF EXECUTIVE OFFICER	Ifeyinwa Ugochukwu	
COMPANY SECRETARY:	Chike Anikwe 1, Macgregor Road Ikoyi, Lagos	
REGISTERED OFFICE:	1, 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 2021

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021. In preparing these financial statements and the comparative financial information, the Foundation has applied International Financial Reporting Standards ("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 Second Stage Financing)
11 Institut Français de Recherche en Afrique (IFRA) (Research Partnership)
12 Google.org (Sponsorship of Additional Entrepreneurs)
13 European Development Commission (Sponsorship of Additional Entrepreneurs)
14 Funding for the Promotion of Innovation in Agriculture (I4AG) (Sponsorship of Additional Entrepreneurs)
15 Nigerian Export Promotion Council (NEPC) (Second Stage Funding)
16 Deutsche Investitions-UND Entwicklungsgellschaft Mbh (DEG Kfw) (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 2021 that would affect the financial statements as presented.

OPERATING RESULTS
Highlights of the operating results are as follows:

	2021 ₦'000	**2020** ₦'000
Total revenue	1,660,996	3,115,445
Total expenses	(2,587,837)	(2,246,352)
(Deficit)/surplus for the year	(926,841)	869,093

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

THE TONY ELUMELU FOUNDATION

REPORT OF THE TRUSTEES - Continued
FOR THE YEAR ENDED 31 DECEMBER 2021

TRUSTEES' INTERESTS IN CONTRACT

None of the Trustees have 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 2021.

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.

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

Chike Anikwe
FRC/2017/NBA/00000016059
Secretary
10 November 2022

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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, CFR
Chairman
FRC/2013/CIBN/00000002590

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

10 November 2022

THE TONY ELUMELU FOUNDATION

STATEMENT OF CORPORATE RESPONSIBILITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regards to our Financial Statements for the year ended December 31, 2021 that:

a. We have reviewed the report;

To the best of our knowledge, the report does not contain:

- Any untrue statement of a material fact, or
- Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c. We

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Company and Audit Committee:

- All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

....

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

....

Mr. Ayodeji Adigun
Chief Financial Officer
FRC/2018/ICAN/00000018117

Ernst & Young
10th Floor, UBA House
57, Marina
Lagos, Nigeria

Tel: +234 (01) 844 996 2/3
Fax: +234 (01) 463 0481
ey.com

Independent Auditor's 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 2021, 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 2021, 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 2021", which includes the Foundation information, Report of the Trustees, Statement of Trustees' responsibilities in relation to the preparation of the Financial Statements, Statement of Corporate Responsibility 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.

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.
- 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 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 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
13 March 2023

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0515085

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 ₦'000	2020 ₦'000
Grant income	4	916,664	2,101,856
Finance income	5	52,138	25,078
Other income	6	692,194	988,511
Total revenue		1,660,996	3,115,445
TEF Entrepreneurship Program expenses	7	(2,065,117)	(1,810,382)
Travel expenses		(8,984)	(4,946)
Event and publicity expenses		(10,135)	(8,575)
Personnel expenses	8	(203,830)	(209,748)
Professional and consulting expenses		(28,107)	(18,190)
Other operating expenses	9	(124,069)	(192,974)
Credit loss (expense)/reversal	10	(131,617)	12,569
Bank charges		(973)	(2,124)
Depreciation of property and equipment	11	(2,013)	(1,813)
Amortisation of intangible assets	12	(12,992)	(10,169)
Total expenses		(2,587,837)	(2,246,352)
(Deficit)/surplus for the year		(926,841)	869,093
Other comprehensive (deficit)/ income:			
Items to be subsequently reclassified to surplus or deficit:			
Fair value changes in financial asset at FVOCI	19.3	(5,671)	843,912
Total other comprehensive (deficit)/ income		(5,671)	843,912
Total comprehensive (deficit)/ income for the year		(932,512)	1,713,005

The accompanying notes form an integral part of these financial statements

THE TONY ELUMELU FOUNDATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

Assets	Notes	2021 ₦'000	2020 ₦'000
Non-current assets			
Property and equipment	11	5,898	6,022
Intangible assets	12	66,642	68,200
Financial assets at fair value through OCI	13	4,250,437	4,256,108
Total non-current assets		4,322,977	4,330,330
Current assets			
Financial assets at amortised cost	14	-	863,244
Loans and other receivables	15	2,112	12,878
Prepayments	16	41,256	23,423
Cash and cash equivalents	17	5,128,394	112,820
Total current assets		5,171,762	1,012,365
Total assets		9,494,739	5,342,695
Equity and liabilities			
Equity			
Accumulated surplus		1,518,618	2,445,459
Fair value reserve		2,788,654	2,794,325
Total equity		4,307,272	5,239,784
Current liabilities			
Account and other payables	18	5,187,467	102,911
Total current liabilities		5,187,467	102,911
Total equity and liabilities		9,494,739	5,342,695

The financial statements were approved by the Trustees to the Foundation on 10 November 2022, and signed on its behalf by:

Mr. Tony O. Elumelu, CFR	**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 2021

	Accumulated surplus	Available-for-sale reserve	Total
As at 1 January 2021	2,445,459	2,794,325	5,239,784
Deficit for the year	(926,841)	-	(926,841)
Other comprehensive deficit	-	(5,671)	(5,671)
As at 31 December 2021	**1,518,618**	**2,788,654**	**4,307,272**
As at 1 January 2020	1,576,366	1,950,413	3,526,779
Surplus for the year	869,093	-	869,093
Other comprehensive income	-	843,912	843,912
As at 31 December 2020	**2,445,459**	**2,794,325**	**5,239,784**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
Operating activities	**Notes**	**₦'000**	**₦'000**
(Deficit)/surplus for the year		(926,841)	869,093
Non-cash adjustment:			
Depreciation of property and equipment	11	2,013	1,813
Amortisation of intangible asset	12	12,992	10,169
Credit loss expense/(reversal)	10	131,617	(12,569)
Income from disposal of assets	6	(1,311)	
Dividend income	6	(121,417)	(358,873)
Foreign exchange gain	6	(3,745)	(18,018)
		(906,692)	**491,615**
Working capital adjustments:			
Changes in Loans and other receivables		10,764	(9,565)
Changes in prepayments		(17,833)	1,164
Changes in account and other payables		5,084,556	(911,000)
Net cash flows from/ (used in) operating activities		**4,170,795**	**(427,786)**
Investing activities			
Purchase of property and equipment	11	(3,505)	(1,293)
Purchase of intangible asset	12	(11,434)	(36,265)
Sale of property and equipment	11	1,616	553
Income from disposal of assets	6	1,311	-
Dividend received	6	121,417	358,873
Purchase of financial asset at amortised cost	14.1	-	(865,623)
Proceed from redemption of financial asset at amortised cost		865,623	-
Net cash generated from investing activities		**975,028**	**(543,755)**
Net increase / (decrease) in cash and cash equivalents		5,145,823	(971,541)
Expected credit loss (expense)/reversal on cash and cash equivalents		(133,994)	15,060
Net foreign exchange differences		3,745	18,018
Cash and cash equivalents as at beginning		112,820	1,051,283
Cash and cash equivalents as at closing		**5,128,394**	**112,820**

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 1 MacGregor Road, Ikoyi, Lagos State, Nigeria.

The financial statements of the Foundation for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Trustees on 10 November 2022.

2 Accounting Policies

2.1 Basis of preparation

The financial statements of the Tony Elumelu Foundation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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/Grant Income

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, income from disposal of assets 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.

An intangible assets is derecognised upon disposal or when no future benefits are expected from its use or disposal. 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-recoanised.

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 upon 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.

2.2.5 Financial instruments - Continued

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, cash 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 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.

Impairment of financial assets -Continued

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.

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.

2.2.6 Fair value measurement

The Foundation measures financial instruments 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.

2.2.6 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.

2.2.7 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).

3.0 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.

3.0 Significant accounting judgements, estimates and assumptions -Continued

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.

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;

· 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.

(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

The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount

Fair value measurement

The Foundation measures financial instruments, such as, quoted equities, at fair value at each reporting

. 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

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.

		2021 ₦'000	2020 ₦'000
4	**Grant Income**		
	AFDB Grant income	-	1,738,504
	Other Grant income	916,664	363,352
		916,664	2,101,856
5	**Finance income**		
	Interest income on staff loan	268	463
	Interest income on deposits	51,870	24,615
		52,138	25,078
6	**Other income**		
	Corporate Social Responsibility income (Note 6.1)	565,721	603,469
	Dividend income	121,417	358,873
	Exchange gain	3,745	18,018
	Other income	-	8,151
	Income from disposal of assets	1,311	-
		692,194	988,511

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

7	**TEF Entrepreneurship Program Expenses (TEFEP Expenses)**		
	AFDB Grant expenses	-	1,738,504
	TEFEP expenses (Note 7.1)	2,065,117	71,878
		2,065,117	1,810,382

7.1 The increase in TEFEP expenses was due to seed capital grant to entrepreneurs in 2021 which did not occur in 2020.

8	**Personnel expenses**		
	Salaries and allowances	196,505	200,642
	Defined contribution expense	7,325	9,106
		203,830	209,748

		2021 ₦'000	2020 ₦'000
9	**Other operating expenses**		
	Application Drive Expenses	36,708	72,394
	General office expenses	77,771	18,523
	Other administrative expenses	8,203	101,248
	Repairs & maintenance	356	280
	Entertainment expenses	-	296
	Insurance expenses	1,023	171
	Regulatory & levy expenses	8	62
		124,069	192,974

10	Credit loss (expense)/reversal (Note 10.1)	(131,617)	12,569
		(131,617)	12,569

10.1 Credit loss (expense)/reversal

31 December 2021	Stage 1	Stage 2	Stage 3	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents (Note 17.1)	(133,994)	-	-	(133,994)
Financial assets at amortised cost (Note 14)	2,379			2,379
Loans and other receivables (Note 15.1)	(2)	-	-	(2)
	(131,617)	-	-	(131,617)

31 December 2020	Stage 1	Stage 2	Stage 3	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents (Note 17.1)	15,060	-	-	15,060
Financial assets at amortised cost (Note 14)	(2,379)			(2,379)
Loans and other receivables (Note 15.1)	(112)	-	-	(112)
	12,569	-	-	12,569

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Property and equipment

	Motor vehicle	Property & equipment	Computer equipment	Furniture & Fittings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:					
As at 1 January 2020	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
Additions	-	-	3,505	-	3,505
Disposal	(3,295)	-	(2,418)	-	(5,713)
As at 31 December 2021	10,000	1,001	16,370	163	27,534
Accumulated depreciation:					
As at 1 January 2020	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
Additions	-	-	1,972	41	2,013
Disposal	(3,295)	-	(802)	-	(4,097)
As at 31 December 2021	10,000	1,001	10,547	88	21,636
Net Book Value:					
As at 31 December 2020	-	-	5,906	116	6,022
As at 31 December 2021	-	-	5,823	75	5,898

12 Intangible assets

	₦'000
Cost:	
As at 1 January 2020	61,235
Additions	36,265
As at 31 December 2020	97,500
Additions	11,434
As at 31 December 2021	108,934
Accumulated amortisation:	
As at 1 January 2020	19,131
Additions	10,169
As at 31 December 2020	29,300
Additions	12,992
As at 31 December 2021	42,292
Net Book Value:	
As at 31 December 2020	68,200
As at 31 December 2021	66,642

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

	2021 ₦'000	2020 ₦'000
13 Financial assets at fair value through OCI		
Quoted equities		
Afriland Properties Plc	10,044	12,954
Africa Prudential Plc	108,374	106,667
United Capital Plc	506,881	241,153
United Bank for Africa Plc	3,625,138	3,895,334
	4,250,437	**4,256,108**

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

13.1 Movement in quoted securities:		
Opening balance	4,256,108	3,412,196
Valuation gains/(losses)	(5,671)	843,912
Balance of financial assets at fair value through OCI	4,250,437	4,256,108

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.

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

14.1

In thousands of Nigerian Naira	**Stage 1 individual**	**Stage 2 individual**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2021	865,623	-	-	865,623
New assets originated or purchased	-	-	-	-
Payments and asset derecognised (excluding write offs)	(865,623)	-	-	(865,623)
Gross carrying amount as at 31 December 2021	-	-	-	-

In thousands of Nigerian Naira	**Stage 1 individual**	**Stage 2 individual**	**Stage 3**	**Total**
ECL allowance as at 1 January 2021	2,379	-	-	2,379
Payments and asset derecognised (excluding write offs)	(2,379)	-	-	(2,379)
Credit loss expense	-	-	-	-

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 2020	-	-	-	-
New assets originated or purchased	865,623	-	-	865,623
Payments and asset derecognised (excluding write offs)	-	-	-	-
Gross carrying amount as at 31 December 2020	865,623	-	-	865,623

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	2,379	-	-	2,379
Credit loss expense	-	-	-	-

15 Loans and other receivables

Staff loans	1,132	11,911
Other receivables	1,094	1,079
	2,226	12,990
Impairment on Loans and other receivables	(114)	(112)
	2,112	12,878

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 2021	12,990	-	-	12,990
Payments and asset derecognised (excluding write offs)	(10,764)	-	-	(10,764)
Gross carrying amount as at 31 December 2021	2,226	-	-	2,226

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2021	112	-	-	112
New assets originated or purchased	2	-	-	2
Credit loss expense	114	-	-	114

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 2020	3,425	-	-	3,425
New assets originated or purchased	9,565	-	-	9,565
Gross carrying amount as at 31 December 2020	12,990	-	-	12,990

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	112	-	-	112
Credit loss expense	112	-	-	112

	2021 ₦'000	2020 ₦'000
16 Prepayments		
Prepaid insurance	2,237	2,340
Prepaid subscription	2,526	1,819
Prepaid others	36,493	19,264
	41,256	23,423
17 Cash and cash equivalent		
Cash	1,079	10
Cash in bank	5,263,109	114,610
	5,264,188	114,620
Less: Allowance for ECL (Note 17.1)	(135,794)	(1,800)
	5,128,394	112,820

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 2021	114,620	-	-	114,620
New assets originated or purchased	5,149,568	-	-	5,149,568
Gross carrying amount as at 31 December 2021	5,264,188	-	-	5,264,188

In thousands of Nigerian Naira	Stage 1 individual	Stage 2 individual	Stage 3	Total
ECL allowance as at 1 January 2021	1,800	-	-	1,800
New assets originated or purchased	133,994	-	-	133,994
Credit loss expense	135,794	-	-	135,794

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)
Credit loss expense	1,800	-	-	1,800

18 **Account and other payables**	₦'000	₦'000
Financial		
Account payable	1,543	5,661
Other payables (Note 18.1)	5,170,605	87,207
	5,172,148	92,868
Non-Financial		
Withholding tax payable	2,184	1,851
PAYE payable	4,526	2,028
Industrial Training Fund Payable	1,716	1,945
Employee benefit payable	2,201	-
VAT payable	483	22
NHF Payable	69	57
Domestic Reimbursables	4,140	4,140
	15,319	10,043
	5,187,467	102,911

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	2021 ₦'000	2020 ₦'000
Opening balance	2,794,325	1,950,413
(Loss)/gain arising from remeasurement of financial assets at fair value through OCI (Note 13.1)	(5,671)	843,912
	2,788,654	2,794,325

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.

	2021 ₦'000	2020 ₦'000
Assets measured at fair value		
Level 1		
Quoted equities	4,250,437	4,256,108
Assets for which fair value is disclosed		
	4,250,437	4,256,108

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**	
	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents (Note 17)	5,128,394	112,820	5,128,394	112,820
Loans other receivables (Note 14)	2,112	12,878	2,112	630,728
Equity instruments held at fair value through Other Comprehensive Income (Note 13)	4,250,437	4,256,108	4,250,437	4,256,108
	9,380,943	**4,381,806**	**9,380,943**	**4,999,656**
Account and other payables (Note 18)	5,172,148	92,868	5,172,148	92,868
	5,172,148	**92,868**	**5,172,148**	**92,868**

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 Board of Trustees reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value is N4,250,437,000 (31 December 2020: N4,256,108,000). A decrease of 10% on the Nigerian Stock Exchange (NSE) market index could have an impact of approximately N425,043,700 (31 December 2020: N425,610,800) 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 2021 Rate sensitive assets				
Bank placements and Loans and other receivables	2607	5,214	(2,607)	(5,214)
As at 31 December 2020 Rate sensitive assets				
Bank placements and Loans and other receivables	1,254	2,508	(1,254)	(2,508)

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 2021 and 31 December 2020. 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 2021					
Cash and cash equivalents	1,377,273	249	3,493,759	257,113	5,128,394
Loans and receivables	2,112	-	-	-	2,112
Prepayments	41,256	-	-	-	41,256
Finacial assets at FVOCI	4,250,437	-	-	-	4,250,437
	5,671,078	249	3,493,759	257,113	9,422,199
Account and other payables	5,187,467	-	-	-	5,187,467
	5,187,467	-	-	-	5,187,467
Net open currency position	483,611	249	3,493,759	257,113	4,234,732
As at 31 December 2020					
Cash and cash equivalents	4,294	234	103,135	5157	112,820
Trade and other receivables	12,878	-	-	-	12,878
Prepayments and other assets	23,423	-	-	-	23,423
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

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	Effect in Comprehensive Income
	%	*Strengthening*	*Weakening*
Euro	5	12,856	(12,856)
USD	5	174,688	(174,688)
Pounds	5	12	(12)
31 December 2020			
Euro	5	258	(258)
USD	5	5,157	(5,157)
Pounds	5	12	(12)

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

	2021	2020
	₦'000	₦'000
Loans and receivables	2,112	12,878
Cash and cash equivalents	5,128,394	112,820

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	1-3 months	3 -12 months	More than 12 months	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2021					
Financial assets					
Financial assets at fair value through OCI	-	-	-	4,250,437	4,250,437
Loans and receivables	-	-	1,018	1,094	2,112
Cash and cash equivalents	5,128,394	-	-	-	5,128,394
	5,128,394	-	1,018	4,251,531	9,380,943

	On demand	1-3 months	3 -12 months	More than 12 months	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Financial liabilities					
Account and other payables	-	-	5,172,148	-	5,172,148
	-	-	5,172,148	-	5,172,148
Total liquidity gap	5,128,394	-	(5,171,130)	4,251,531	4,208,795

	On demand	1-3 months	3 -12 months	More than 12 months	Total
	₦'000	₦'000	₦'000	₦'000	₦'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
Financial liabilities					
Account and other payables	-	-	92,868	-	92,868
	0	-	92,868	-	92,868
Total liquidity gap	112,820	-	(81,069)	4,257,187	4,288,938

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-21**	**31-Dec-20**
			₦'000	₦'000
Heirs Holdings Limited	Controlled by person with significant influence	Financial Asset	-	863,244

In 2020, 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 2021 (31 December 2020: 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.

OTHER NATIONAL DISCLOSURES

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2021

`

	2021		2020	
	₦'000		₦'000	
Grant income	916,664		2,101,856	
Bought-in- goods and services	(2,369,002)		(2,024,622)	
	(1,452,338)		77,234	
Other income	744,332		1,013,589	
Value added	**(708,006)**		**1,090,823**	
Applied as follows:		%		%
To pay employees:				
Staff costs	203,830	(28)	209,748	18
Consumed for assets replacement and future expansion of business:				
-depreciation	2,013	(0)	1,813	0
-amortisation	12,992	(2)	10,169	1
Surplus/(deficit) for the year	(926,841)	130	869,093	80
	(708,006)	**100**	**1,090,823**	**100**

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

OTHER NATIONAL DISCLOSURES

FIVE-YEAR FINANCIAL SUMMARY

	31 December				
	2021	**2020**	**2019**	**2018**	**2017**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets					
Property and equipment	5,898	6,022	7,095	3,450	4,024
Intangible assets	66,642	68,200	42,104	42,684	29,486
Financial assets at fair value through OCI	4,250,437	4,256,108	2,101,856	3,701,422	5,027,293
Total non-current assets	4,322,977	4,330,330	2,151,055	3,747,556	5,060,803
Current assets					
Financial assets at amortised cost	-	863,244	-	-	-
Loans and other receivables	2,112	12,878	3,425	892	37,015
Prepayments	41,256	23,423	24,587	13,692	28,365
Cash and cash equivalents	5,128,394	112,820	1,051,283	128,808	29,812
Total current assets	5,171,762	1,012,365	1,079,295	143,392	95,192
Total assets	9,494,739	5,342,695	3,230,350	3,890,948	5,155,995
Equity and liabilities					
Equity					
Accumulated surplus	1,518,618	2,445,459	1,576,366	1,579,571	1,614,468
Fair value reserve	2,788,654	2,794,325	1,950,413	2,239,639	3,453,754
Total equity	4,307,272	5,239,784	3,526,779	3,819,210	5,068,222
Current liabilities					
Account and other payables	5,187,467	102,911	1,013,911	71,738	87,773
Total current liabilities	5,187,467	102,911	1,013,911	71,738	87,773
Total equity and liabilities	9,494,739	5,342,695	4,540,690	3,890,948	5,155,995

PROFIT OR LOSS ACCOUNT

	31 December 2021	**31 December 2020**	**31 December 2019**	**31 December 2018**	**31 December 2017**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Total revenue	1,660,996	3,115,445	2,560,723	2,378,011	3,433,800
Total expenses	(2,587,837)	(2,246,352)	(2,563,927)	(2,412,908)	(3,135,919)
(Deficit)/surplus for the year	(926,841)	869,093	(3,204)	(34,897)	297,881
Total comprehensive (defict)/income for the year	(932,512)	1,713,005	(292,430)	(1,249,012)	2,969,600