

THE TONY ELUMELU FOUNDATION

REPORT OF THE TRUSTEES AND AUDITED FINANCIAL STATEMENTS

FOR THE 18 MONTHS ENDED 31 MARCH 2012

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**THE TONY ELUMELU FOUNDATION**  
Lagos, Nigeria

**REPORT OF THE TRUSTEES**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

**THE TONY ELUMELU FOUNDATION**  
**REPORT OF THE TRUSTEES AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

TRUSTEES

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# THE TONY ELUMELU FOUNDATION

## CORPORATE INFORMATION

**TRUSTEES:** Mr. Tony O. Elumelu, CON - Founder/Chairman  
Dr. Awele V. Elumelu - Member of the Board of Trustees

**CHIEF EXECUTIVE OFFICER** Dr. Wiebe Boer

**SECRETARY:** Mr. Obong Idiong  
1A, Macgregor Road  
Ikoyi, Lagos

**REGISTERED OFFICE:** 1A, Macgregor Road  
Ikoyi, Lagos

**AUDITORS:** Ernst & Young  
2A, Bayo Kuku Road  
Off Alfred Rewane Road  
Ikoyi, Lagos

**BANKER:** United Bank for Africa Plc

**RC NO.:** 886468

**Website:** <http://www.tonyelumelufoundation.org/>

# THE TONY ELUMELU FOUNDATION

## REPORT OF THE TRUSTEES

### FOR THE 18 MONTHS ENDED 31 MARCH 2012

The Trustees have pleasure in presenting to the Foundation, their report together with the audited financial statements for the 18 months ended 31 March 2012.

#### PRINCIPAL ACTIVITIES

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

#### 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 balance sheet date, which would affect the financial statements as presented.

#### RESULT FOR THE PERIOD

₦'000

Total Income	1,558,942
Total Expenditure	(754,166)
	-----
Surplus for the period	804,776
	=====

#### FIXED ASSETS

Information relating to changes in fixed assets is given in Note 2 to the financial statements.

## **THE TONY ELUMELU FOUNDATION**

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

#### **FOR THE 18 MONTHS ENDED 31 MARCH 2012**

#### **TRUSTEES**

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

Mr. Tony Elumelu, CON	-	Founder/Chairman (Appointed 20 July 2010)
Dr. Awele V. Elumelu	-	Member of the Board (Appointed 20 July 2010)

#### **TRUSTEE'S INTEREST IN CONTRACTS**

None of the Trustees has notified the Foundation for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 of any direct or indirect interest in contracts with which the Foundation is involved as at 31 March 2012.

#### **EMPLOYMENT OF DISABLED PERSONS**

The Foundation had one physically challenged person in its employment as at 31 March 2012. It is the Foundation's policy to consider disabled persons for employment, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged. It is the policy of the Foundation that the training, as far as possible, be identical with that of other employees.

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

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

## **THE TONY ELUMELU FOUNDATION**

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

### **FOR THE 18 MONTHS ENDED 31 MARCH 2012**

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

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 places considerable value on the development of its employees and has continued its practices of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Foundation. This is achieved through formal and informal meeting and other forms of communication. 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 the reporting and presentation requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. The Trustees consider that the format adopted is the most suitable for the Foundation.

#### **POST BALANCE SHEET EVENTS**

As stated in Note 17, no events or transactions have occurred since the balance sheet date which would have a material effect on the financial statements as presented.

**THE TONY ELUMELU FOUNDATION**

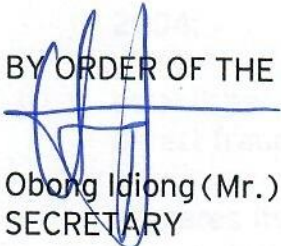
**REPORT OF THE TRUSTEES -Continued**

**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

**AUDITORS**

Ernst and Young were appointed as auditors during the period and having expressed their willingness, will continue in office as auditors of the Foundation in accordance with Section 357 (2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY ORDER OF THE BOARD



Obong Idiong (Mr.)  
SECRETARY

18 February 2013

**THE TONY ELUMELU FOUNDATION**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Foundation at the end of the year and of its deficit. 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 requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004;
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

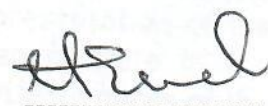
The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

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 surplus. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



Trustee



Trustee

18 February 2013



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

### **THE TONY ELUMELU FOUNDATION**

#### **Report on the financial statements**

We have audited the accompanying financial statements of The Tony Elumelu Foundation which comprise the balance sheet as at 31 March 2012, income and expenditure account and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Trustees' Responsibilities for the financial statements**

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

#### **Auditors' Responsibility**

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

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

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of The Tony Elumelu Foundation as at 31 March 2012, and of its financial performance and its cash flows for the year then ended in a manner required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and in accordance with statements of accounting standards issued by the Financial Reporting Council of Nigeria and the Trust Deed.

**Report on Other Legal and Regulatory Requirements**

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

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

  
Lagos, Nigeria

18 February 2013



**THE TONY ELUMELU FOUNDATION**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**FOR THE 18 MONTHS ENDED 31 MARCH 2013**

A summary of the principal accounting policies, all of which have been applied consistently in the current period is set out below.

**a) Basis of accounting**

The financial statements are prepared under the historical cost convention.

**b) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write-off fixed assets over their estimated useful lives, at the following annual rates.

Computer hardware	-	33.33%
Motor vehicles	-	25%

Gains or losses on the disposal of fixed assets are included in the profit and loss account.

**c) Investments**

**i. Short-term Investments**

Short-term investments are held as treasury bills, placements and term deposits with banks and other financial institutions. They are stated at the lower of cost and market value. The amount by which cost exceeds market value (where applicable) is charged to profit and loss account. Interest receivable is accrued for and credited to the profit and loss account.

**THE TONY ELUMELU FOUNDATION**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES -Continued**

**FOR THE 18 MONTHS ENDED 31 MARCH 2013**

c) Investments

ii. Long-term Investments

*Quoted investments*

Investments in quoted securities are held as long-term investments and stated at market value. Gain between the cost and the market value is transferred to investment revaluation reserve. Diminution in the value of the investments is also transferred to investment revaluation reserve to the extent of the balance in the reserve. Subsequent amounts thereafter charged to the profit and loss account.

*Unquoted investments*

Unquoted investments are state at cost. Provision is made when there is a permanent diminution in value.

d) Debtors and prepayments

Debtors are stated after deduction of adequate provision for any debt considered bad or doubtful.

Prepayments are stated at cost less amortization.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash balances with bank (net of overdraft) and short-term investments.

**THE TONY ELUMELU FOUNDATION**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES -Continued**

**FOR THE 18 MONTHS ENDED 31 MARCH 2013**

**f) Foreign Currency Translation**

Transactions in foreign currencies are accounted for at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated to naira at the exchange rates ruling at the balance sheet date. Gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income and expenditure account.

**g) Income**

Income comprises grants from donors, interest on bank deposits and other receipts from publications, training, workshops and consultancies/honorarium for technical assistance services.

**h) Provisions**

A provision is recognized when the Foundation has a present obligation, whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Statement of Accounting Standard (SAS) 23.

**THE TONY ELUMELU FOUNDATION**

**BALANCE SHEET**

**AS AT 31 MARCH 2012**

NON-CURRENT ASSETS	Note	2012 N'000
Fixed assets	2	6,007
Long-term investments	3	460,787
		-----
		466,794
		-----
CURRENT ASSETS		
Debtors and prepayments	4	6,890
Short-term investments	5	193,230
Cash and bank balances	6	249,926
		-----
		450,046
		-----
Creditors and accruals	7	(77,694)
Net current assets		-----
		372,352
		-----
Total assets less current liabilities		839,146
		=====
FINANCED BY:		
Accumulated funds	8	804,776
Investment revaluation reserve	3c	34,370
		-----
		839,146
		=====

.....  
Trustee

  
.....  
Chief Executive Officer

  
.....  
Chief Finance Officer

See notes to the financial statements.

**THE TONY ELUMELU FOUNDATION**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

		18 months to March 2012 N'000
<b>INCOME</b>	<b>Note</b>	
Revenue	9	1,512,887
Other income	10	46,055
Total Income		<u>1,558,942</u>
<b>EXPENDITURE</b>		
Audit fee	9c	1,500
Bank charges		172
Depreciation		3,213
Events and publicity		44,219
Fuel		3,691
Governance		8,905
Grants and AMIP program		105,685
Insurance		753
Logistics		8,816
Other administrative expenses		25,309
Professional and consulting fees		23,891
Rent	9b	69,120
Repairs and maintenance		1,457
Research		6,782
Shared service expenses	9b	219,480
Sponsorship		5,152
Staff costs		141,482
Subscriptions		1,563
Travel		82,552
Utility		424
		<u>754,166</u>
Surplus for the period	8	<u>804,776</u>

See notes to the financial statements.

**THE TONY ELUMELU FOUNDATION**

**STATEMENT OF CASH FLOWS**

**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

	Note	18 months to March 2012 N'000
<b>OPERATING ACTIVITIES</b>		
Net cash inflow from operating activities	11	832,933
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	2	(9,220)
Purchase of investments		(426,417)
Interest received		45,860
Net Cash outflow from investing activities		(389,777)
Cash and cash equivalents at end of the period	12	443,156

See notes to the financial statements.



# THE TONY ELUMELU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Corporate structure and business

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.

2. Fixed assets	Computer hardware N'000	Motor Vehicles N'000	Total N'000
<i>Cost:</i>			
Additions during the period	1,220	8,000	9,220
At 31 March 2012	1,220	8,000	9,220
<i>Depreciation:</i>			
Charge for the period	380	2,833	3,213
At 31 March 2012	380	2,833	3,213
<i>Net book value:</i>			
At 31 March 2012	840	5,167	6,007

## THE TONY ELUMELU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - Continued

3. Long-term investments	2012 N'000
<i>Quoted investments:</i>	
Ordinary shares: Cost (Note 3a)	389,165
Revaluation surplus (Note 3c)	34,370
	-----
Market value:	423,535
<i>Unquoted investments:</i>	
Ordinary shares: Cost (Note 3b)	37,252
	-----
Total long-term investments	460,787 =====

- (a) This relates to investment in the equity shares of United Bank for Africa Plc
- (b) This relates to investment in the equity shares of Mtanga Farms Limited in Kenya
- (c) This relates to unrealized gain resulting from valuation of quoted equity investments.
- (d) The Trustees are of the opinion that the cost of the unquoted investments is not lower than the cost at balance sheet date.

4. Debtors and prepayments	2012 N'000
Prepaid rent	3,750
Staff loan	3,140
	-----
	6,890 =====
5. Short-term investments	
Investment in treasury bills	193,230 =====

# THE TONY ELUMELU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - Continued

6. Cash and bank balances	2012
	₦'000
Cash-in-hand	101
Bank balances:	
Foreign currency	2,448
Local currency	247,377
	-----
	249,926
	=====
7. Creditors and accruals	
Account payable	3,080
Accrued expenses	19,925
Due to related parties (Note 16)	49,465
Withholding tax payable	4,948
Pay As You Earn	276
	-----
	77,694
	=====
8. Accumulated funds	
Surplus for the period	804,776
	-----
Balance at 31 March	804,776
	=====

## THE TONY ELUMELU FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS - Continued

9. Revenue	18 months to March 2012 N'000
<i>Endowment fund received from:</i>	
The Chairman, Mr. Tony Elumelu (Note 9a)	890,387
United Bank for Africa Plc (Note 9b)	621,000
<i>Endowment fund-in-kind:</i>	
Ernst & Young (Note 9c)	1,500
	-----
	1,512,887
	=====

- (a) The Chairman of the Foundation in person of Mr. Tony Elumelu pledged a minimum annual endowment contribution of USD 3,000,000 towards funding the activities of the foundation.

Included in this balance is ₦288,600,000 which represents amount incurred by the Chairman on behalf and in support of the Foundation's activities in form of rent and shared expense services provided during the period.

- (b) United Bank for Africa (UBA) Plc also pledged an annual endowment fund of USD 2,000,000 to fund the activities of the foundation. The amount stated represents the Bank's total contributions during the period.
- (c) Ernst & Young provided "pro bono" external audit services to the foundation during the period. The amount stated represents value of the services so provided.

10. Other income	18 months to March 2012 N'000
Interest income	45,860
Sundry income	195
	-----
	46,055
	=====

# THE TONY ELUMELU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - Continued

11. Reconciliation of surplus during the period to net cash provided by operating activities:	18 months to March 2012 N'000
Surplus	804,776
<i>Adjustments to reconcile surplus to net cash provided by operating activities:</i>	
Depreciation	3,213
Interest income	(45,860)
<i>Changes in assets and liabilities:</i>	
Debtors and prepayments	(6,890)
Creditors and accruals	77,694
Net cash provided by operating activities	832,933
	=====
12. Cash and cash equivalents	
Cash and bank balances	249,926
Short-term investments	193,230
	443,156
	=====
13. Emoluments of Trustees	
None of the Trustees received any emoluments during the period.	

**THE TONY ELUMELU FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

14. Staff remuneration	18 months to March 2012
(a) Employee costs during the period	N'000
Salaries and related costs	140,995
Pension costs	487
	-----
	141,482
	=====
(b) The average number of persons employed during the period including Trustees was as follows:	Number
Management	3
Senior	2
Others	3
	---
	8
	==

**15. Contingent liabilities and capital commitments**

There were no known contingent liabilities and capital commitments as at 31 March 2012.

**16. Related party disclosures**

**(a) Transactions with related parties**

During the period, the Foundation had transactions with some Trustee related companies.

# THE TONY ELUMELU FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS - Continued

### 16. Related party disclosures - continued

The balances outstanding at the end of the period are as follows:

Amount due to related party	2012 N'000
Tenoil Petroleum & Energy Services Limited	1,000
Heirs Alliance Limited	572
HH Capital Limited	1,000
Heirs Holdings Limited	46,893
	-----
	49,465
	=====

### 17. Post balance sheet events

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.

### 18. Comparative figures

There are no comparative figures as this is the first financial statements prepared by the Foundation.

**THE TONY ELUMELU FOUNDATION**

**VALUE ADDED STATEMENT**

**FOR THE 18 MONTHS ENDED 31 MARCH 2012**

	2012	
	N'000	
Revenue	1,512,887	
Interest income	45,860	
Other income	195	
	-----	
Bought-in-services	1,558,942 (609,471)	
	-----	
Value added	949,471	
	=====	
Applied as follows:-		
<i>To employees:</i>		
- As salaries and labour related expenses	141,482	15
<i>Consumed for assets replacement and future expansion:</i>		
- For assets replacement (depreciation)	3,213	1
- For expansion - surplus	804,776	84
	-----	-----
	949,471	100
	=====	===

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