



FINANCIAL STATEMENTS

DECEMBER 31, 2019

AFRICAN CENTRE FOR
INNOVATION AND
LEADERSHIP
DEVELOPMENT (ACILD)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN CENTER FOR INNOVATION & LEADERSHIP DEVELOPMENT

We have audited the accompanying Financial Statement of African Center for Innovation & Leadership Development for the financial year ended 31st December, 2019 which also include the summary of significant accounting policies and other explanatory notes.

Respective responsibilities of Partners and Independent Auditors

The Partners' are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004. This responsibility also includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. It is our responsibility to express an independent opinion based on our audit, on the financial statements prepared by the director.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit involves performing procedures to obtain and examine, on a test basis, audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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 opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Partners in the preparation of the financial statements 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 opinion.

We also 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 the audit.

Opinion

In our opinion,

- i. Proper books of account have been kept by the company.
- ii. The statement of affairs referred to above, which are in agreement with the books of account, give a true and fair view of the state of affairs of the company as at 31st December, 2019 in accordance with International Financial Reporting Standards and the relevant provisions of the Financial Reporting Council of Nigeria Act No. 6, 2011 and the Companies and Allied Matters Act, CAP C20, LFN 2004.
- iii. The Company's statement of affairs is in agreement with the books of account.

Abuja, Nigeria

FRC/2014/ICAN/00000008012 Chartered Accountants



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Accounting/Audit/Tax/Financial Management/Consultancy/Debt Recovery/Business Advisory/Training

Statement of Profit or Loss and Other Comprehensive Income For the year ended 31st December 2019

	Notes	2019 ₦	2018 ₦
Income	6	6,485,000	6,167,940
Total Income		6,485,000	6,167,940
Administrative expenses	7	(6,671,319)	(6,295,071)
Finance expenses	8	(13,240)	(11,340)
Surplus/(Deficit) for the year		<u>(199,559)</u>	<u>(138,471)</u>

Statement of Financial Position as at 31st December 2019

	Notes	31 December 2019 ₦	31 December 2018 ₦
Non-current assets			
Property, plant and equipment	11	20	20
		<u>20</u>	<u>20</u>
Current assets			
Cash and cash equivalents	9	3,862,728	4,062,288
		<u>3,862,728</u>	<u>4,062,288</u>
Total assets		<u>3,862,748</u>	<u>4,062,308</u>
Funds and Reserve			
Accumulated fund	10	3,862,748	4,062,308
Total funds and reserve		<u>3,862,748</u>	<u>4,062,308</u>

The financial statements and notes to the financial statements were approved by the Board of Management

Statement of Changes in Members' Fund for The Year Ended 31 December 2019

	Accumulated Fund ₦	Total Equity ₦
Balance at 1 January 2018	4,200,779	4,200,779
Surplus/(Deficit) for the year	(138,471)	(138,471)
Balance at 31 December 2018	<u>4,062,308</u>	<u>4,062,308</u>
Balance at 1 January 2019	4,062,308	4,062,308
(Deficit)/Surplus for the year	(199,559)	(199,559)
Balance at 31 December 2019	<u><u>3,862,748</u></u>	<u><u>3,862,748</u></u>

Statement of Cash Flows for the Year Ended 31st December 2019

	31 December	31 December
	2019 ₦	2018 ₦
Cash flows from operating activities		
Surplus/(Deficit) for the year	(199,559)	(138,471)
<i>Adjustment to reconcile net income to net cash provided by operating activities:</i>		
Finance expense	13,240	11,340
Depreciation of property, plant and equipment	0	270,730
Cash generated in operating activities	(186,319)	143,598
Finance expense paid	(13,240)	(11,340)
Net cash outflows from operating activities	(199,559)	132,258
Total comprehensive profit		
Purchase of property, plant and equipment	0	0
Net cash outflows from investing activities	0	0
Net increase in cash and cash equivalents	(199,559)	132,258
Cash and cash equivalent at the beginning of the year	4,062,288	3,930,029
Cash and cash equivalents at the end of the year	3,862,728	4,062,288

Notes to the Financial Statements

1. Reporting entity

Africa Center for Innovation and Leadership Development (the Entity) was incorporated in Nigeria on the 21st February, 2012 in Pursuant of the Provision contained in the Companies and Allied Matters Act 1990 with Registration Number CAC/IT/NO 50553.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

(b) Basis of measurement

The financial statements have been prepared under the historical cost concept except for certain financial instruments measured at fair value.

(c) Functional and presentation currency

Items included in these financial statements of the entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (" the functional currency"). These financial statements are presented in Nigerian Naira, which is the entity's functional currency. The financial information has been rounded to the nearest thousands, except as otherwise indicated.

(d) Going concern

The trustees assess the entity's future performance and financial position on a going concern basis and have no reason to believe that the Forum will not be a going concern in the year ahead. For this reason, the financial statements have been prepared on a going concern basis.

(e) Use of significant estimates, assumptions and management judgement

The presentation of the entity's financial statements requires management to make estimates and judgement that affect the reported amount of assets and liabilities at the reporting date and the reported amount of income and expenses during the year ended. The entity makes estimates and assumptions about the future that affect the reported amounts of assets, liabilities, income, expenses and members' fund. Estimates and judgments are continually re- evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The effect of a change in an accounting estimate is recognized prospectively by including it in statement of profit or loss in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the Note to the financial statements.

3. Standard, amendments and interpretations to existing standard that are not yet effective and have not been adopted early by the Association

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Association. The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 December 2019. They have not been adopted in preparing the financial statements for the year ended 31 December 2019 and are expected to affect the entity in the period of initial application. In all cases the entity intends to

Notes to the Financial Statements (cont'd)

apply these standards from application date as indicated in the table below.

4. Critical accounting estimates and judgements

The entity makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a). Impairment of property, plant and equipment

The entity assesses assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Association's estimated value in use. The estimated future cash flows applied are based on reasonable and supportable assumptions over the remaining useful life of the cash flow generating assets.

(b). Legal proceedings

The entity reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Association's management as to how it will respond to the litigation, claim or assessment.

5. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a). Foreign currency

In preparing the financial statements of the Association, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(b). Donations

Fee represents donations whether cash and/or kind from individuals, corporate bodies, churches, mosques, government agencies, NGO's and international aid donors. It may also be in form of grants or assistance from individuals, trust funds, forums and other charitable or philanthropic forums both in Nigeria or elsewhere.

Notes to the Financial Statements (cont'd)

The Association recognizes revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Association's business.

(c). Disbursement and Application of Fund

Expenditures are recognized as they accrue during the course of the year. Analysis of expenses recognized in the statement of profit or loss is presented in classification based on the function of the expense as this provides information that is reliable and more relevant than their nature.

(d). Property, plant and equipment

Recognition and measurement Items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Motor vehicles	Nil
Furniture and fittings	20%
Computer and Office Equipment	20%
Plant and Machinery	Nil

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other income' in the profit or loss.

(e). Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are Associated at the lowest levels for which they have separately identifiable cash flows (cash-generating units). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Notes to the Financial Statements (cont'd)

(f). Financial Instruments

Financial Assets

Financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Association's financial assets comprise of 'available for sale financial assets' and 'loans and receivables'. At each reporting date, the Association assesses whether its financial assets have been impaired. Impairment losses are recognized in the statement of profit or loss and other statement of profit or loss where there is objective evidence of impairment.

(i). Fair value through other comprehensive income

This category comprises principally the Association's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognized in other comprehensive income statement and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method is recognized in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of the full amount of the impairment, including any amount previously recognized in other statement of profit or loss, is recognized in profit or loss. Purchases and sales of available for sale financial assets are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the available-for-sale reserve. On sale, the cumulative gain or loss recognized in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

(ii). Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction cost. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment losses. The Association's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Trade receivables

Trade receivables are amounts due from beneficiaries for services rendered in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. Discounting is ignored if insignificant. A provision for impairment of trade and other receivables is established when there is objective evidence that the Association will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the impairment provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated cash flows, discounted at the original effective interest rate. Changes to this provision are recognized under administrative costs. When a trade receivable is uncollectable, it is written off against the provision for trade receivables.

Notes to the Financial Statements (cont'd)

(iii). Cash and cash equivalents

For the purposes of statement of cash flows, cash comprises cash in hand and deposits held at call with banks and other financial institutions. Cash equivalents comprise highly liquid investments (including money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value with original maturities of three months or less being used by the Association in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(iv). Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. Financial assets are designated at fair value through profit or loss or as held-for-trading if the Association manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Association documented risk management or investments are carried at fair value, with gains and losses arising from changes in their value recognized in the statement of profit or loss and other comprehensive income in the period in which they arise, Such investments are the Association's investments in quoted equities.

(v). Derecognition of financial assets

The Association derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other statement of profit or loss and accumulated in equity is recognized in the profit or loss.

(g). Inventories

Inventories are stated at the lower of cost and net realizable value, with appropriate provisions for old and slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Association's financial assets comprise of mainly 'loans and receivables'. Loans and receivables is made up of cash and cash equivalents and trade receivables.

(h). Prepayments

Prepayments are payments made in advance relating to the following year and are recognized and carried at original amount less amounts utilized in the statement of profit or loss. At each reporting date, the Association assesses whether its financial assets have been impaired. Impairment losses are recognized in the profit or loss where there is objective evidence of impairment.

(i)Financial liabilities

Financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method or invoice price where discounting is not significant. The Association's financial liabilities include trade payables and borrowings. Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled in more than 12 months after the reporting date are classified as non-current.

Notes to the Financial Statements (Cont'd)

(j). Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(k). Impairment of financial instruments

The Association assesses at the end of each reporting period whether there is objective evidence that a financial asset or Association of financial assets is impaired. A financial asset or a Association of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Association of financial assets that can be reliably estimated. The Association first assesses whether objective evidence of impairment exists. For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

(l). Offsetting of financial instruments

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

(m). Employee benefits

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Association recognizes wages, salaries, bonuses and other allowances for current employees in the statement of profit or loss as the employees render such services. A liability is recognized for the amount expected to be paid under short - term benefits if the Association has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n). Provisions

Provisions are recognized when the Association has a present legal or constructive obligation as a result of a past event, and it is probable that the Association will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognized when the Association has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(o). Capital

The Forum considers its capital to be its accumulated and charitable and trust funds. Association's financial objective is to generate a targeted operating position, to build and maintain reserves at a sustainable level, taking into account the various competitive risks. The Forum also aims to achieve

Notes to the Financial Statements (Con't)

additional long-term growth in reserves through the active management of the investment portfolio.

(p). Financial risk management

The Association is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

General objectives, policies and processes

The Executive Board has overall responsibility for the determination of the entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the entity's finance department. The Board receives periodic reports from the entity's Finance secretary through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Association's financial secretary also reviews the risk management policies and processes and reports their findings to the Board. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Association's competitiveness and flexibility. Further details regarding these policies are set out below:

Notes to the Financial Statements (Con't)

	2019	2018
6	Income for the Year:	₦
	Restricted Grant	6,167,940
	<u>6,485,000</u>	<u>6,167,940</u>
	2019	2018
7	Administrative expenses	₦
	Transportation	885,361
	Internet	451,652
	Nutrido	448,703
	Telephone (Airtime)	175,347
	Printing	116,250
	Ink	88,879
	Electricity units	140,856
	Refreshment	392,691
	Accommodation	2,055,447
	Office Stipend	767,865
	Utility	501,292
	Depreciation	270,730
	<u>6,671,319</u>	<u>6,295,071</u>
	2019	2018
8	Finance Expenses	₦
	Bank Charges	11,340
	<u>13,240</u>	<u>11,340</u>
	2019	2018
9	Cash and cash equivalents	₦
	Cash at bank	4,062,288
	<u>3,862,728</u>	<u>4,062,288</u>
	2019	2018
10	Accumulated Fund	₦
	Balance as at 1st of January	4,200,779
	Surplus/(deficit) during the year	(138,471)
	<u>3,862,748</u>	<u>4,062,308</u>
	Balance as at 31st December	4,062,308

11 Property, plant and equipment

Details of the property, plant and equipment and their carrying amounts are as follows:

Cost	Furniture and Fittings	Computer Equipment	Total
	₦	₦	₦
At 1 January 2019	10	10	20
At 31 December 2019	10	10	20
<hr/>			
Depreciation	₦	₦	₦
At 1 January 2019	308,228	774,751	1,082,979
Charge for the year	0	0	0
At 31 December 2019	308,228	774,751	1,082,979
<hr/>			
<u>Carrying amount as at:</u>			
31 December 2019	10	10	20