

**NIGERIA NETWORK OF NON - GOVERNMENTAL
ORGANISATIONS (NNNGO)**

Reports & Financial Statements
At 31st December, 2016

NIGERIA NETWORK OF NON - GOVERNMENTAL ORGANISATIONS (NNNGO)

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NIGERIA NETWORK OF NON - GOVERNMENTAL ORGANISATIONS (NNNGO)

CORPORATE INFORMATION

1. **Trustees**

Ms Yemisi Ransome-Kuti
Mr. Olufemi Lijadu
Dr. Abiola Tilley Gyado
Otunba Dele Ajayi Smith
Ms Sade Bembatoum Young

2. **Nature of Business**

Not-For-Profit Making Organisation

3. **Registered Address**

151, Akowonjo Road Egbeda, Lagos State.

4. **Auditors**

Aderemi Bamidele & Co..
(Chartered Accountants)
2, Emiola Hospital Street, Off Orita Odo Ona Elewe Road,
Orita Challenge,
Ibadan.

NIGERIA NETWORK OF NON - GOVERNMENTAL ORGANISATIONS

Report of the Trustees For the year ended 31st December, 2016

The Trustees have pleasure in submitting their report together with the financial statements of the Organisation for the year ended 31st December, 2016.

1. Result for the period	2016	2015
	₦	₦
Grants for the year	14,356,370	21,845,666
Deduct: Expenditure	<u>(12,522,385)</u>	<u>(16,309,889)</u>
Surplus/ (Deficit) on Ordinary Activities	1,833,985	5,535,777
Other Income	378,662	-
Surplus for the Year	2,212,647	5,535,777
Accumulated Fund Brought Forward	<u>7,104,553</u>	<u>1,568,776</u>
Accumulated Fund Carried Forward	9,317,200	7,104,553

2. **Principal Activities**

The Organisation was actively involved in rendering non-profit making services to its numerous members both local and foreign.

3. **Review of Operation**

The activities of the organization were reviewed from time to time in order to ascertain whether it had deviated from her object clauses and to assess how economic, efficient and effective it is in disbursing grants received for its projects and programmes.

4. **Employee Involvement and Training**

Employees are kept fully informed regarding the Organisation performance and NNNGO continues with its open door policy whereby views of employees are sought and given due consideration particularly on the matters which affect them. NNNGO attaches importance to the training of its staff through regular in-house and on- the job training sessions which have broadened and increase a substantially employees' opportunities for career development within the organisation.

5. **Auditors**

In accordance with section 357 (1) of Companies & Allied Matters Degree 1990, Messrs. Aderemi Bamidele & Co. has shown their wiliness to continue in office as Auditors of NNNGO.

By Order of the Trustees

Chief Executive

REPORT OF THE AUDITORS
TO THE MEMBERS OF
NIGERIA NETWORK OF NON – GOVERNMENTAL
ORGANISATIONS (NNNGO)

Report on the Financial Statements

We have audited the accompanying financial statements of **Nigeria Network of Non – Governmental Organizations**, for the year ended 31 December, 2016, set out on pages 5 to 8 and other explanatory notes on pages 14 to 24 including Statement of Significant Accounting Policies on pages 9 to 13.

Trustees’ Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard issued by the International Accounting Standard Board and with the requirements of the Companies and Allied Matters Acts, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigeria Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers 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 the Trustees, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the **Nigeria Network of Non Governmental Organisation's** Financial Position as at 31st December, 2016 and the Surplus and Cash flows for the year then ended in accordance with International Financial Reporting Standard issued by the International Accounting Standard Board and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Report on Other Legal Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. 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 organisation; and
- iii. The NNNGO's Statement of Financial Position and Statement of Income & Expenditure are in agreement with the books of accounts.

IBADAN

.....September, 2017

Aderemi A. Bamidele
FRC/2014/ICAN/00000009895
Aderemi Bamidele & Co.
(Chartered Accountants)

**NIGERIA NETWORK OF NON - GOVERNMENTAL
ORGANISATIONS**

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2016**

	Notes	2016 ₦	January 1st 2015 ₦
Non Current Assets			
Property, Plant & Equipment	1	853,893	690,848
Current Assets:			
Receivables	2	7,101,945	5,698,949
Cash & Cash Equivalent	3	22,906,632	2,124,159
		30,008,577	7,823,108
Total Assets		30,862,470	8,513,956
Accumulated Fund & Liabilities			
Membership Fund		9,317,200	7,104,553
Current Liabilities			
Payables	5	21,545,270	1,409,404
Total Accumulated Funds And Liabilities		30,862,470	8,513,957

The Financial Statements were approved by the Board of Trustees on 21st September, 2017 and on its behalf by:

Mrs. Yemisi Ronsome Kuti _____

Otunba Dele Ajayi Smith _____

Dr. Tilley Gyado _____

Accounting policies on page 9 to 13 and notes on page 14 to 24 form part of these Financial Statements

**NIGERIA NETWORK OF NON - GOVERNMENTAL ORGANISATIONS
(NNNGO)**

STATEMENTS OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER, 2016

		2016	2015
		₦	₦
Income	Notes		
Grants	5a	11,877,020	
Members Subscription	5b	2,228,100	945,507
Annual Conference Fee	5c	-	1,010,500
Endowment Funds	5d	250,000	-
Total Revenue		14,355,120	21,845,666
 Expenditure			
Lagos Water Project	7a	-	1,714,955
Funding Grant Projects	7b	-	6,246,814
Annual Conference Expenses	7c	-	1,093,300
Administrative Expenses	9	6,691,135	1,650,120
Personnel Cost	8	5,830,000	5,604,700
		12,521,135	16,309,889
Surplus / (Deficit) on Operating Activities		1,833,985	5,535,777
Other Income	6	378,662	-
Surplus/(Deficit) for the Year		2,212,647	5,535,777

Accounting policies on page 9 to 13 and notes on page 14 to 24 form part of these Financial Statements.

STATEMENTS OF CHANGES IN MEMBERSHIP FUND
FOR THE YEAR ENDED 31 DECEMBER, 2016

	Accumulated Surplus/ (Deficit)	Total
	₦	₦
Balance at 1st. January, 2016	7,104,553	7,104,553
Adjustments Occasioned by Change in Accounting Policy upon IFRS adoption	-	-
Balance at 1st January, 2016	7,104,553	7,104,553
Surplus/ (Deficit) for the year	2,212,647	2,212,647
Members contribution for the year	-	-
Balance as at 31st. December, 2016	9,317,200	9,317,200

Accounting policies on page 9 to 13 and notes on page 14 to 24 form part of these Financial Statements

**NIGERIA NETWORK OF NON – GOVERNMENTAL
ORGANISATIONS (NNNGO)**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2016**

		2016		2015
	₦	₦	₦	₦
Excess of Income Over Expenditure		2,212,647		5,535,777
Adjustment for:				
Depreciation		276,605		195,875
Operating Income before Working Capital		2,489,252		5,731,652
Receivables		(1,402,996)		(2,415,773)
Payables		20,135,867		(3,185,000)
		18,732,871		(5,600,774)
Cash generated from operation		21,222,123		130,878
Cash flow from investing activities:				
Acquisition of Property, Plant & Equipment		(439,650)		(46,000)
Net Cash Flow from Investing Activities		(439,650)		(46,000)
Net Cash Flow before Financing Activities		20,782,473		84,878
Cash Flow from Financing activities:		-		-
Net Increase / (Decrease) in Cash and Cash Equivalent		20,782,473		84,878
Cash and Cash Equivalent at the Beginning of the Year		2,124,159		2,039,281
		22,906,631		2,124,159
Represented by:				
Cash and Cash Equivalent		22,906,631		2,124,159

Accounting policies on page 9 to 13 and notes on page 14 to 24 form part of these Financial Statements.

NIGERIA NETWORK OF NON – GOVERNMENTAL ORGANISATIONS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES BASIS OF PREPARATION FOR THE YEAR ENDED 31ST DECEMBER, 2016.

1 **Brief History**

1.1 **Principal activities**

The Nigeria Network of Non- Governmental Organisation is the first generic membership body for Civil Society Organisations in Nigeria that facilitates advocacy on issues of poverty and other developmental matters.

1.2 **Composition of Financial Statements**

The financial statements are drawn up in naira, which is the functional and presentation currency of Nigeria Network of Non – Governmental in accordance with international financial reporting standards (IFRS). These financial statements comprise:

- Statements of Financial Position
- Statement of Income and Expenditure
- Statement of Changes in Member Funds
- Statement of Cash Flow
- Notes to the Financial Statements

2 **Financial Period**

These financial statements cover the financial year ended 31st December, 2016 with comparative amounts for the financial year ended 31st December, 2015.

3 **Critical Accounting Judgments, Estimates and Uncertainty**

The preparation of financial statements in conformity with IFRSs requires Trustees and Advisers to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

4 **Actual Results May Differ from These Estimates.**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

5 **Significant Accounting Policies**

The accounting policies set out below have been applied consistently in these financial statements.

a. **Basis of Preparation**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the organisation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

b. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes subscription (payments made by members), sponsorship and bank interest.

c. Subscriptions

Revenue from subscription is recognized when members make payments into the NNNGO's designated bank account towards financing the NNNGO's projects.

d. Self Financing Project

Revenue from self-financing project is recognized when payments are made by interested persons in respect of designated and specific projects.

e. Sponsorship Income

Sponsorship income is income generated from individual organisations that have decided to sponsor the NNNGO. The income is recognized when the payment has been credited to the Organisation's bank account and it is evidenced by the necessary supporting documents.

f. Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefit will flow to the chapter and the amount of income can be measure reliably.

Interest income is accrued on time basis for reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

g. Foreign Currency Translations

The financial statements of the NNNGO are prepared in naira which is its functional currency. In preparing the financial statements of the NNNGO, transactions in currencies other than the entity's functional currency 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.

Exchange differences on monetary items are recognized in the statement of income and expenditure account.

h. Employee Benefits (Defined Contribution Plans)

Payments to defined contribution retirement benefit plans are recognized as expenses in the Statement of in the Income and Expenditure in the period in which employees have rendered service entitling them to the contributions.

i. Property, Plant and Equipment

Property, plant and equipment are tangible items held for rendering services and administrative purposes are stated in the financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged to the statement of income and expenditure using the straight line method so as to write off the cost of their residual values over their estimated useful lives on the following bases:

	%
Office Equipment	20
Furniture and Fittings	20

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis. 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.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from continued use of the asset. The gains and loss arising on the disposal or retirement of asset is the difference between the sales proceeds and the carrying amount of the assets and is recognized in the statement of income and expenditure.

j Impairment of Tangible Assets

At each financial date, the Organisation reviews the carrying amount of its tangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing Value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment Loss is recognized immediately in statement of income and expenditure.

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 immediately in the statement of income and expenditure.

k. Financial instruments

Financial assets and financial liabilities are recognized when the organisation becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition profit or loss.

i Financial assets are required to be classified into (a) loans and receivables, (b) held-to-maturity investments (c) available for sale and (d) financial assets at fair value through profit or loss. Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The Organisation has only the loans and receivables category of financial assets.

j(i) **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment when the effect of discounting is immaterial.

The assets in this category include trade and other receivables and cash and cash equivalents. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost are an integral part of the Effective Interest Rate(EIR). The EIR amortization is included in other income in the statement of income and expenditure. The losses arising from impairment are recognized in the statement of income and expenditure. Interest income is recognized by applying the effective interest rate, except for short-term receivable when recognition of interest would be immaterial.

(ii) **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments. Those are easily convertible into known amounts of cash and are subject to insignificant risks of Changes in value.

Trade receivables and Other Receivables

Trade receivables are measured at fair value at the date of trade plus directly attributable transaction cost on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in the Statements of Income and Expenditure when there is objective evidence that the asset is impaired. The allowance recognized as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(iii) **Impairment of Financial Assets**

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are to be considered to be impaired when there is objective evidence that, as a result of one or more event that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the debtor.
- Probability that the debtor will enter bankruptcy.
- Default or delinquency in payment (more than the negotiated days overdue).
- Previous losses experienced and general economic conditions.

Loans and Receivables

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the chapter's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, the average credit period as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss recognized is the different between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use

of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

(iv) **De-recognition of Financial Assets**

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or when the chapter transfers the financial asset and substantially all risks towards of ownership of the asset to another party. If the chapter neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transfer asset, the chapter recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the chapter retains substantially all the risks and rewards of ownership of a transferred financial assets, the chapter continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

k **Financial Liabilities**

Financial liabilities are classified as either held at fair value through profit or loss, or at amortised cost. The Organisation does not have financial liabilities classified as held at fair value through Income and Expenditure Statement.

Trade and Other Payables

Financial liabilities within trade and other payables are initially recognized at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

l **De-recognition of Financial Liabilities**

The organization de-recognises financial liabilities when, and only when, the NNNGO's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Income & Expenditure Statement.

**NIGERIA NETWORK OF NON - GOVERNMENTAL
ORGANISATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2016**

1	Office Equipment ₦	Furniture & Fittings ₦	Total ₦
Non Current Assets			
Deemed Cost			
At 1/1/2016	672,383	363,325	1,035,708
Additions	295,650	14 4,000	439,650
At 31/12/2016	968,033	553,325	1,521,358
Depreciation			
At 1/1/2016	324,927	65,933	390,860
For the year	193,607	82,999	276,605
At 31/12/2016	518,534	148,932	667,465
Net Book Value			
At 31 December, 2016	449,499	404,393	853,893
At December, 2015	347,456	343,392	690,848

2	2016	2015
Receivables	₦	₦
Due from Lagos Water Corporation	3,468,900	3,468,900

Due from Civicus: EENA	805,823	995,250
Lifeline Crisis Response	-	119,549
Leave No One Behind	949,722	-
Due from ICNL	-	995,250
Staff Receivable	-	120,000
ICNL: Consolidating Gains: Implementing Legal Reforms for NGO	1,877,500	-
	7,101,945	5,698,949

3 Cash & Cash Equivalent

UBA Domiciliary Account: USD	14,411,498	1,206,398
Pound Sterling A/C	1,437,500	-
UBA Membership Account	421,319	909,795
UBA Project Account	6,636,314	7,966
Cash & Cash Equivalent as per Statement of Financial Position	22,906,631	2,124,158.90

**Cash and Cash Equivalent as per
Statement of Cash Flow**

22,906,631 2,124,158.90

For the purposes of the statement of cash flows, Cash and Cash equivalent include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of reporting period as shown in Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position (as shown above)

4 Payables

Tectonics	434,404	434,404
Refund to LSWC	900,000	900,000
Audit fee	75,000	75,000
Income Received in Advance:		
Open Society Group	12,948,367	-
Common Wealth Foundation	7,187,500	-
	21,545,271	1,409,404

5 Income

Grants:

Lagos Water Corporation Project Grant:	-	8,281,500
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Civicus: Life Crisis Response	-	1,195,170
Leave No One Behind	3,753,828	-
EENA	-	5,250,657
ICNL	7,760,834	4,818,651
PEW research Center	-	209,652
The World Wide Web	-	134,030
The African Monitor Trust	362,358	-
	11,877,020	19,889,659
Membership Subscriptions (5b)	2,228,100	945,507
Annual Conference fee	-	1,010,500
Endowment Fund (5c)	250,000	-
	14,355,120	21,845,666
	2016	2015
6. Other Income		
Exchange Rate Gains Occasioned by Revaluation of Receivables from Civicus	378,662	-
	2016	2015
7a. Summary of Direct Expenses / Programme Cost Lagos water Corporation Project:		
Event Service	-	50,000
Project Overhead Expenses	-	<u>1,664,955</u>
	=	<u>1,714,955</u>
7b Self Funding Grants Expenses		
Civicus Project Expense: Lifeline Crisis Response	-	944,272
Local Conference & Workshop	-	715,972
Oversea Conference & Workshop	-	758,700
EENA's Project Expense	-	2,418,050
Global action Day (7c)	-	785,200
Public Awareness	-	5,000
Pew's Project Expense	-	235,620
A41A Event	-	134,000
CESDEV Partnership Funds	-	150,000
Action 2015 TEENS Partnership Fund	-	<u>100,000</u>
	=	<u>6,246,814</u>
7c SUMMARY OF GLOBAL ACTION DAY	2016	2015
Campaigns	-	520,195
Entertainment	-	166,855
Transport	-	<u>98,150</u>
	-	<u>785,200</u>

7d Annual Conference Expenses

Transport	-	134,500
Printing and Stationery	-	39,150
Souvenirs	-	104,000
Accommodation	-	76,420
Rent of Hall	-	350,000
Entertainment	-	344,930
Communication	-	1,000
Media	-	43,300
	<u>-</u>	<u>1,093,300</u>

8 Personnel Cost

Salaries	<u>5,830,000</u>	<u>5,604,700</u>
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9 Statement of Administrative Expenses

Stationery and Printing	33,640	1,000
Transport and travelling	769,496	228,300
Repairs and Maintenance	5,500	74,750
Electricity	36,000	-
Telephone and Postages	46,600	10,100
Auditor and Accountancy fee	80,000	235,000
Bank Charges	55,078	130,394
Petrol and Oil	160,565	20,000
Office Rent	472,500	465,000
Internet/Web Hosting	211,900	131,500
Computer's Repairs	97,600	-
Hotel Accommodation	325,000	53,200
Staff Retreat	58,215	25,000
Depreciation	276,505	195,875
Award & Gifts	35,000	75,000
Membership Certificate	-	5,000
Office Utilities	32,520	-
Foreign Trips	1,798,671	-
Entertainment	875,630	-
Publication & Media	35,500	-
Water Expenses	9,450	-
Courier	49,910	-
DSA	205,000	-
Vehicles' Repairs	21,000	-
Lagos Waste Management Authority	24,400	-
Public Relation	7,400	-
Office Cleaning	5,000	-
Hall Rent for Workshop	684,410	-
Honorarium	194,500	-
Video Coverage	30,000	-
Banner	39,045	-

Photographs

15,000
6,691,135 1,650,120 -

10.0 **Financial Risk Management**
Introduction and Overview of Company Risk Management

The organisation's activities exposed it to a variety of financial risks: Credit risk, liquidity risk and market risk (including foreign exchange, and interest rate risk). Risk management is carried out primarily by the management of the organisation. The management identifies, evaluates, and manages financial risk in close co-operation with the organisation operating units. Written principle for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, credit risk, and other price risk are approved by the Board of Trustees.

(a) Credit Risk

Credit risk is the risk of financial loss to the organisation if a client (donour) or counterpart to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, receivables from related parties as well as credit exposures to the organisation's donours.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date was:

	<u>Carrying Amount</u>	
	2016	2015
	₦	₦
Other Financial Receivables	7,101,945	5,698,949
Cash and cash equivalents	<u>22,906,631</u>	<u>2,124,159</u>
Total Financial Assets	<u>30,008,577</u>	<u>7,513,957</u>

Cash and cash equivalents

The organisation held cash and cash equivalents of ₦22,906,631 at 31st December, 2016(2015: ₦2,124,159) which represents its maximum credit exposure on these assets.

(b) Liquidity Risk

Liquidity risk is the risk that the organisation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash and other financial assets. The organisation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring

unacceptable losses or risk damage to the company's reputation.

The organisation aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payable) over the succeeding 60 days. The organisation also monitors the level of expected cash inflows from project grants.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Liquidity GAP Analysis (Assets – Liability Matching) 31 December, 2016

FINANCIAL ASSETS:	Contractual Cash flows				Total N
	On call N	1 year N	2-5 years N	>5 years N	
Other financial assets:					
- Other receivables	7,101,945	-	-	-	7,101,945
- Cash and cash equivalent	<u>22,906,631</u>	-	-	-	<u>22,906,631</u>
Total Financial Assets	<u>30,008,577</u>	-	-	-	<u>30,008,577</u>
Other financial liabilities:					
- Bank Overdrafts	-	-	-	-	-
- Other payables	21,545,271	-	-	-	21,545,271
Total Financial Liabilities	<u>21,545,271</u>	-	-	-	<u>21,545,271</u>

The amount disclosed in the tables above is the contractual undiscounted cash flows of the liabilities. The organisation's exposure to liquidity risk is minimal as at a period ended 31st December 2015.

(c) Market Risk

Market risk is that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: Interest rate risk and currency risk.

Financial instrument affected by market risk include: Loans and borrowings, deposits, trade payables, accrued liabilities and derivative financial instruments.

I Currency Risk

The organisation has transactional currency exposures that arise from receipts and/ or payments in currency other than the respective functional currency. The organisation manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

II Interest Risk

The Organisation is exposed to cash flow interest rate risk on bank overdraft and other bank Credit facilities to the extent that the significant rise in market interest rates would result in an increase in the interest paid by the company. Interest rates do not apply to the company during the period 2015 as the Organisation neither had bank overdraft nor bank credit facilities.

III

Fair Value

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.

Fair Value Hierarchy

The Organisation uses the following hierarchy for determining the fair value of financial Instrument which is measured at fair value by valuation technique:

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

There have been no transfers between fair value levels during the period. Also for some financial Instruments of which their fair value cannot be obtained with certain degree of reliability or that their carrying amount mimics (or reflects) fair value are all stated at their carrying amount (as a close approximation for their fair value as regards IFRS 7 disclosure requirements).

	Level 1	Level 2	Level 3	Carrying Amount	Total
FINANCIAL ASSETS:	₦	₦	₦	₦	₦
Other financial assets:					
- Other receivables	7,101,945	-	-	7,101,945	7,101,945
- Cash and cash equivalents	<u>22,906,631</u>	-	-	<u>22,906,631</u>	<u>22,906,631</u>
Total Financial Assets	<u>30,008,577</u>	-	-	<u>30,008,577</u>	<u>30,008,577</u>
Other financial liabilities:					
- Bank Overdrafts	-	-	-	-	-
- Other payables	<u>21,545,271</u>	-	-	<u>21,545,271</u>	<u>21,545,271</u>
Total Financial Liabilities	<u>21,545,271</u>	-	-	<u>21,545,271</u>	<u>21,545,271</u>

11 Responsibilities of Trustees on the Financial Statements

In accordance with the provisions of sections 334 and 335 of the companies and Allied Matters Act, Cap. C20 LFN 2004, the Organisation's Trustees are responsible for the preparation of the annual financial statements which give a true and fair view of state of affairs of the Organisation as at 31st December, 2015 and on its financial performance for the year ended on that date, and comply with the requirements of the companies and Allied Matters Act, Cap C20 LFN 2004. These responsibilities include ensuring that:

- I Adequate internal control procedures are instituted to safeguard assets and prevent and detect fraud and other irregularities,
- II Proper accounting record are maintained,
- III Applicable accounting standards are followed, and
- IV Suitable accounting policies are used and consistently applied.

V It is appropriate for the financial statement to be prepared on a going concern basis unless it is presumed that the company will not continue in business.

12 **Reporting Segments**

No activity or geographical segment information is reported as the organisation's geographical segment in Nigeria.

13 **Subsequent Events**

There are no post balance sheet events which could have a material effect on the financial position of the Organisation as at 31 December, 2016 and results for the year then ended, which have not been adequately provided for.

