

**AFRICA CENTRE OF EXCELLENCE
IN FUTURE ENERGIES AND
ELECTROCHEMICAL SYSTEMS (ACE-FUELS)
Federal University of Technology, Owerri**

**AUDITED FINANCIAL STATEMENTS
FOR FOURTEEN MONTHS ENDING 31ST DECEMBER 2022**

JAMES DURU & CO.

(Chartered Accountants)
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Wuse Zone 5, Abuja F.C.T.

AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL
SYSTEMS (ACE-FUELS)

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AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)

ABOUT THE CENTRE:

PROJECT ID:	P169064
IDA CREDIT/GRANT NO.:	6510 – NG
IMPLEMENTING AGENCY:	Federal University of Technology Owerri
PROJECT COMMENCEMENT DATE:	JANUARY 29, 2019
CLOSING DATE:	JANUARY 29, 2024
CREDIT/GRANT AMOUNT:	\$6 Million
PROJECT DURATION:	5 YEARS AND 9 MONTHS
REMAINING PERIOD TO CLOSING:	1 YEAR
DISBURSED AMOUNT TO DATE:	\$2,450,211.98 or 39.9%

MANAGEMENT TEAM:

PROF. EMEKA E. OGUZIE	CENTRE LEADER
PROF. CHINYERE A. MADU	DEPUTY CENTRE LEADER
PROF. NNAMDI V. OGUEKE	MONITORING AND EVALUATION OFFICER
PROF. SAMUEL O. ONYEKURU	RESEARCH COORDINATOR/DLI7 OFFICER
DR. TOOCHUKWU E. OGBULIE	ENVIRONMENTAL AND SOCIAL SAFEGUARDS OFFICER
MS. IFEOMA E. MGBENU	PROJECT ACCOUNTANT
MR. LUCKY N. ONUOHA	INTERNAL AUDITOR
ENGR. SHADRACK T. TARGBA	PROCUREMENT OFFICER
MRS. CHINEW A. APPIAH	ADMINISTRATIVE TEAM LEAD/INTERNATIONAL OFFICE COORDINATOR

STATEMENT OF BOARD/MANAGEMENT TEAM

The Board/Management of Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS) submits its report together with the financial statements for fourteen months ending 31 December, 2022.

BOARD/MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The Board/Management is responsible for preparing the financial statements of the Centre, which comprise the Statement of Financial Position as at 31 December, 2022, the Statement of Sources of Funds and Expenditures, Statement of Sources and Uses of Funds, and Notes to the financial statements, including the summary of significant accounting policies, which give a true and fair view of the financial position as at 31 December, 2022 in accordance with the accounting convention and the accounting policies set out in Notes 1 to 17 of the Notes to the financial statements. In Preparing these financial statements, the board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the school will continue in operation
- Design and maintain effective internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as over financial reporting for the purpose of properly preparing and presenting the financial statement so as to minimize errors and frauds, and take responsibility for its assertions as to the effectiveness of such internal control.

The Board/Management is responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time, the financial position of the school and that the financial statements comply with the accounting convention and the accounting policies set out in Notes 1 to 17 of the Notes to financial statements. The Board is responsible for using the school funds as intended for the Centre as well as laws and regulations applicable to the Centre. The Board is also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board/Management confirms that they have complied with the above requirements in preparing these financial statements.

For and on behalf of the Board

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25 April, 2023

INDEPENDENT AUDITOR'S REPORT

To: Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS)

Opinion

We have audited the financial statements of Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS) 'the School', which comprise the statement of financial position as at 31 December, 2022, the statement of Sources of Funds and Expenditure, statement of Sources and Uses of Funds 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 school as at 31 December, 2022, and of its receipts, disbursements and expenditures for the year then ended, in accordance with the accounting convention and the accounting policies set out in Notes 1 to 17 of the Notes to the financial statements.

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. We are independent of the school in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Basis of Accounting

We draw attention to Notes 1 to 17 of the Notes to the financial statements, which describes the accounting convention and the summary of the significant accounting policies. The financial statements are prepared in accordance with the accounting convention and the accounting policies set out in Notes 1 to 17 of the Notes to the financial statements and the requirements of the National Universities Commission (NUC) and World Bank.

Responsibilities of the Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS) and those charged with governance for the Financial Statements

The Centre (ACE-FUELS) is responsible for the preparation of financial statements that give a true and fair view in accordance with accounting convention and the accounting policies set out in Notes 1 to 17 of the Notes to the financial statements, and for such internal control as the Unit determines 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 Centre is responsible for assessing the school'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 Centre either intends to liquidate the school or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the school's financial reporting process.

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 judgment and maintain professional skepticism 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 internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates if any, and related disclosures made by the Board/Management.

Conclude on the appropriateness of Board's 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 school'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 Company 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 Board/Management 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.

We also provide Board/Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board/Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria 2004

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

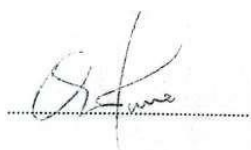
James Duru
FRC/2013/ICAN/00000001957
James Duru & Co. (Chartered Accountants)
Abuja, Nigeria
25 April, 2023



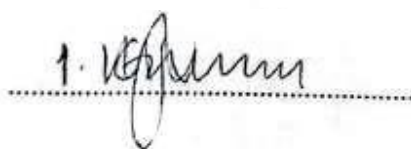
**AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES
AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)**

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

	Notes	2022 ₦
ASSETS		
ASSETS		
Cash and Bank	1	62,320,632
Other Receivables	2	8,439,400
Foreign Exchange Difference	3	93,525
Property, Plant and Equipment	4	<u>479,698,323</u>
TOTAL ASSETS		<u>550,551,880</u>
 RESOURCES/LIABILITIES		
CURRENT LIABILITIES		
Payables to Suppliers	5	1,500,000
Taxes and Amount Payable to States	6	<u>0</u>
		<u>1,500,000</u>
 RESOURCES		
Grants and Aids	7	14,644,681
Accumulated Reserves	8	<u>534,407,199</u>
		<u>549,051,880</u>
TOTAL RESOURCES		<u>550,551,880</u>



PROF. EMEKA E. OGUZIE
Centre Leader



MS IFEOMA E. MGBENU
Project Accountant

The accompanying notes are an integral part of these financial statements

**AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES
AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)**

**STATEMENT OF SOURCES OF FUNDS AND EXPENDITURE
FOR FOURTEEN MONTHS ENDING 31ST DECEMBER, 2022**

	Notes	2022 ₦
REVENUE FROM STUDENTS	10	9,541,280
REVENUE FROM FUNDING PARTNERS	11	522,822,368
REVENUE/DONATION FROM FUTO	12	249,510,107
MISCELLANEOUS RECEIPTS	13	<u>659,850</u>
TOTAL REVENUE		<u>782,533,604</u>
LESS:		
PERSONNEL COST	14	2,142,600
IMPLEMENTATION & ADMINISTRATIVE EXPENSES	15	221,056,970
FINANCE CHARGES	16	157,702
DEPRECIATION CHARGE	17	<u>24,862,658</u>
TOTAL EXPENDITURE		<u>248,219,930</u>
SURPLUS/ (DEFICIT)		534,313,674
Add: Foreign Exchange Rate Difference		93,525
SURPLUS OF FUNDS OVER EXPENDITURE		534,407,199

The accompanying notes are an integral part of these financial statements

**AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES
AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR FOURTEEN MONTHS ENDING 31ST DECEMBER, 2022**

	2022
	₦
RECEIPTS	
World Bank Funds/IDA Funds	522,822,368
Grants and Aids	14,644,681
School Fees	9,541,280
Revenue/Donations from FUTO	249,510,107
Miscellaneous Receipts	<u>659,850</u>
Total Receipts	797,178,286
DISBURSEMENTS	
Personnel Costs	2,142,600
Administrative Expenses	219,714,672
Other Receivables	8,439,400
Total Disbursements	<u>230,296,672</u>
Difference of Receipts over Disbursements	566,881,613
Purchase of PPE	-241,266,400
Cost of Building	-263,294,581
Surplus of Receipts over Disbursements	62,320,632
NET CASH FROM ALL ACTIVITIES	62,320,632
CASH AT 1ST NOVEMBER 2021	0
CASH AT 31ST DECEMBER, 2022	62,320,632

The accompanying notes are an integral part of these financial statements

**AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES
AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)**

**STATEMENT OF SOURCES AND USES OF FUNDS
FOR FOURTEEN MONTHS ENDING 31ST DECEMBER, 2022**

	2022
	₦
ACE Operational Account (Naira)	46,225,153
ACE Sustainable Account Account (Naira)	5,631,635
ACE Operational Account (Dollar)	10,463,844
	<hr/>
	<u>62,320,632</u>

The accompanying notes are an integral part of these financial statements

AFRICA CENTRE OF EXCELLENCE IN FUTURE ENERGIES AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)

ACCOUNTING CONVENTION AND FINANCIAL YEAR

Accounting Convention

The financial statements, expressed in Nigerian Naira are prepared under the historical cost convention. These financial statements are prepared on the going concern basis of accounting, in accordance with requirements of the World Bank and National Universities Commission, and the accounting policies set out on Notes 1 to 17 of the notes to the financial statements.

Financial Year

The Centre’s financial year begins on 1 November and ends on 31 December.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. CASH AND CASH EQUIVALENTS

Cash and cash equivalent include cash on hand and cash at bank, deposits held on call with banks, bank overdrafts, other short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank overdrafts will be shown within borrowings in current liabilities in the Statement of Financial Position.

For the purposes of Statement of Cash Flow, cash and cash equivalents comprise balances with less than three months’ maturity from date of acquisition, including cash and non-restricted balances with money deposit banks as defined above, net of outstanding bank overdrafts.

Cash and cash equivalents include cash balances and call deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

	2022
	N
CASH	
Cash on Hand	0
ACE Operational Account (Naira)	46,225,153
ACE Sustainable Account Account (Naira)	5,631,635
ACE Operational Account (Dollar)	<u>10,463,844</u>
	<u>62,320,632</u>

2. OTHER RECEIVABLES

Other Receivables are carried out at amortized costs less any accumulated impairment losses. Other receivables balance in the account represents the advances given to the staff to carry out a particular task which are yet to be retired. These receivables are not to be amortised.

Other Receivables

	₦
School fees received in FUT0 Account	4,127,000
Unretired Advances	<u>4,312,400</u>
	<u>8,439,400</u>

3. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for the ruling rate of exchange on the date of transaction. Payables and receivable denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. Foreign currency difference are recognized in profit or loss account

Foreign Exchange Difference

Exchange difference	93,525
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4. PROPERTY, PLANTS AND EQUIPMENT

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its costs are recognized in the carrying amount of the plant and equipment as replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the assets is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the assets less an estimated residual value over its remaining useful life:

Building	0%
Plant and Machinery	10%

Computers	10%
Office Equipment	20%
Furniture and Fittings	20%
Laboratory and Workshop Equipment	20%
Motor Vehicles	25%
Library Books	0%

Property, Plant and Equipment

COST					DEPRECIATION				NET BOOK VALUE	
		1/11/2021	Additions	Disposal	Total Cost	Accumulated Depreciation	Dep. For the year	Impairment	Total Depreciation	Net Book Value
Building	₦	0	268,330,499	0	268,330,499	0	0	0	0	<u>268,330,499</u>
Plant & Machinery	₦	0	10,,728,276	0	10,,728,276	0	1,072,828	0	1,072,828	<u>9,655,449</u>
Computers	₦	0	14,256,714	0	14,256,714	0	1,425,671	0	1,425,671	<u>12,831,043</u>
Office Equipment	₦	0	10,116,149	0	10,116,149	0	2,023,230	0	2,023,230	<u>8,092,919</u>
Furniture & Fittings	₦	0	50,068,280	0	50,068,280	0	10,013,656	0	10,013,656	<u>40,054,624</u>
Laboratory & Workshop Equipment	₦	0	3,784,191	0	3,784,191	0	756,838	0	0	<u>3,027,353</u>
Motor Vehicles	₦	0	38,281,740	0	38,281,740	0	9,570,435	0	9,570,435	<u>28,711,305</u>
Library Books	₦	0	1,634,150	0	1,634,150	0	0	0	0	<u>1,634,150</u>
Work in Progress (Equip in Transit)	₦	0	107,360,981	0	107,360,981	0	0	0	0	<u>107,360,981</u>
Total	₦	0	<u>504,560,981</u>	<u>0</u>	<u>504,560,981</u>	<u>0</u>	<u>24,862,658</u>	<u>0</u>	<u>24,862,658</u>	<u>479,698,323</u>

Note:

Cost of work in Progress are the equipment ordered and paid for which are in transit at the end of the year.

5. PAYABLES TO SUPPLIERS

This represents an obligation to pay the short term debit it owes to suppliers for goods or services purchased/received and invoiced to run its operation. This will be initially recognized at fair value and subsequently amortized.

Payables to Consultant (Audit fees)	<u>1,500,000</u>
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6. GOVERNMENT TAXES AND DUES

Unremitted Withholding Taxes	0
Unremitted Value Added Taxes	0
Unremitted Stamp Duty	0
Other Payables	<u>0</u>
	<u>0</u>

7. GRANTS

Donations and grants income are recognized as revenue when received and all associated obligations

have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognized until agreed upon services and conditions have been satisfied.

Grants relating to income are recognized as income over the periods necessary to match them with the related services when performed.

Grants received for which the requirements and services have not been met are treated as income in advance under current liabilities.

Grants received for which its usage extends to more than twelve months are treated as capital receipts.

Donated assets are recognized at the fair value at the date of the donation. Like many other public institutions, the Centre receives the benefit of people's time and service carried out free of charge. This type of donation cannot be readily quantified and is hence not recorded in financial statements.

Grants	N
Volvo Research and Educational Foundation	10,463,844
Nigerian Communication Commission	<u>4,180,838</u>

14,644,681

8. RESERVES

Balance b/f	0
Surplus/(Deficit) for the period	<u>534,407,199</u>

Balance at 31/12/2022 **534,407,199**

9. REVENUE

The Centre recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours or cost incurred to date as a percentage of total estimated labour or total cost. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

The Centre recognizes revenue from minor services extended to students in form of fees, fines, sale of forms and other sundry related services and the revenue recognized is usually equivalent to the cost of providing the services.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods and when the amount of revenue can be measured reliably and its probable that the economic benefits or services potential associated with the transaction will flow to the University.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

10. Revenue From Students

Student's Fees, November and December, 2021	6,216,080
School Fees for the year	<u>3,325,200</u>

9,541,280

11. Revenue from Funding Partners

World Bank Funds, November and December, 2021	N 100,938,481
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World Bank Funds/IDA Funds 421,883,887

522,822,368

12. Revenue/Donation from FUTO

FUTO Counterpart funds 23,695,842

Value of Building Donated by FUTO 225,814,265

249,510,107

13. Miscellaneous Receipts

Short Course Application 500

Sale of Research Findings 100

Doctorate Degree Application fee 60,000

Return of unutilized travel Expenditure 598,750

Accreditation fees 500

659,850

14. PERSONNEL COST

Salaries and wages **2,142,600**

15. ADMINISTRATIVE EXPENSES

Local Traveling and Transport 5,631,925

Local Training 12,470,864

International Training 63,045,002

Maintenance of Office Building/Residential Quarters 4,704,238

Cleaning & Fumigation Services 3,197,500

IT Consulting Services 1,880,900

Maintenance of Motor Vehicle/Transport Equipment 144,500

Maintenance of Office/IT Equipment 185,000

Maintenance of Plant/Generators 3,398,740

Internet Access Charge 10,628,238

Interactive Learning Network 27,247,831

Software Charge/Licence Renewal 21,736,376

Teaching Aids/Instruction Materials 18,674,396

Motor Vehicle Fuel Cost 50,875

Plant/Generator Fuel Cost 58,200

Office Stationeries & Computer Cons. 494,500

Publicity & Advertisement	1,871,737
Research and Development Expense	511,050
Team Building/Service Meeting Cost	5,915,959
Student Costs	6,193,635
Accreditation Expenses	13,072,035
Laboratory Consumables/Reagents	119,500
Insurance Expenses	1,311,503
Auditing and Financial Services	1,500,000
VAT, WHT and SD Paid	<u>17,012,467</u>

221,056,970

16. FINANCE CHARGES

Bank Charges	<u>157,702</u>
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17. DEPRECIATION

Charge for the year	<u>24,862,658</u>
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