

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

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023**

JAMES DURU & CO.

(Chartered Accountants)
Suite 123, Anbeez Plaza,
Plot 2121 Ndola Square,
Wuse Zone 5, Abuja F.C.T.

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

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGES</u>
MANAGEMENT TEAM	2
STATEMENT OF BOARD/MANAGEMENT MEMBERS	3
INDEPENDENT AUDITOR'S REPORT	4-6
BALANCE SHEET	7
STATEMENT OF FUNDS AND EXPENDITURE	8
STATEMENT OF SOURCES AND USES OF FUNDS	9-10
NOTES TO FINANCIAL STATEMENTS	11-18

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
EFFECTIVE COMMENCEMENT: NOVEMBER, 2021
REMAINING PERIOD TO CLOSING:
DISBURSED AMOUNT TO DATE: \$3,021,411.42 or 50.3%

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. CHINWE 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 the year ended 31 December, 2023.

BOARD/MANAGEMENT'S STATEMENT OF RESPONSIBILITY

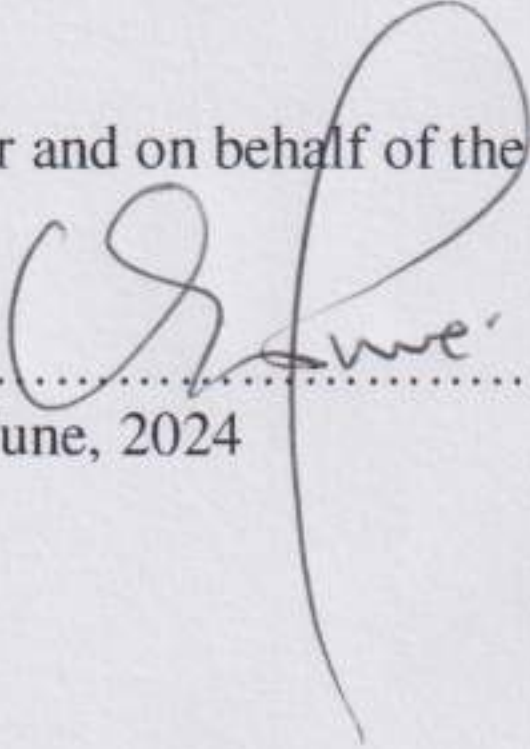
The Board/Management is responsible for preparing the financial statements of the Centre, which comprise the Statement of Financial Position as at 31 December, 2023, the Statement of Sources of Funds and Expenditures, Statement of Sources and Uses of Funds, and Notes to the financial statements, including the summary of significant accounting policies, which give a true and fair view of the financial position as at 31 December, 2023 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


.....
3 June, 2024



JAMES DURU & CO.
(CHARTERED ACCOUNTANTS)

BN 2092458

J. U. Duru, B.Sc, CFAN, FCTI, FCA
P. M. Nlebemuo, B.Sc, CISA, FCA
S. O. Olorunda, MBA, CIPN, FCTI, FCA

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, 2023, 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, 2023, 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.

• Audit • Taxation • Financial Services

ABUJA OFFICE: Suite 123, Anbeez Plaza, Plot 2121 Ndola Square, Opp. Former CAC Wuse Zone 5, Abuja.
P. O. Box 12645, Wuse, Abuja. | Tel: 08032895961, 08189719020 | E-mail: jamesduru001@gmail.com, jovisduru@yahoo.com

BRANCHES: PORT HARCOURT & LAGOS

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.

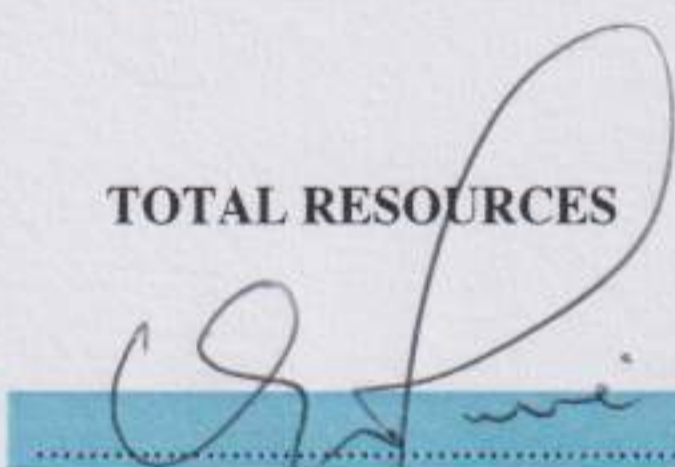
James Duru
FRC/2013/ICAN/00000001957
James Duru & Co. (Chartered Accountants)
Abuja, Nigeria
3 June, 2024



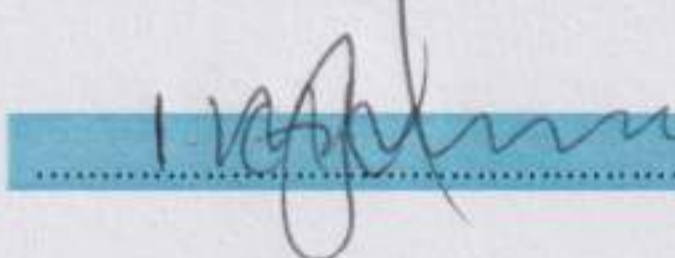
**AFRICA CENTRE OF EXCELLENCE IN FUTURE
ENERGIES
AND ELECTROCHEMICAL SYSTEMS (ACE-FUELS)**

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2023

	Notes	2023 N	2022 N
ASSETS			
ASSETS			
Cash and Bank	1	138,347,540	62,320,632
Other Receivables	2	11,691,700	8,439,400
Foreign Exchange Difference	3	8,100,508	93,525
Property, Plant and Equipment	4	<u>562,762,987</u>	<u>479,698,323</u>
TOTAL ASSETS		<u>720,902,735</u>	<u>550,551,880</u>
RESOURCES/LIABILITIES			
CURRENT LIABILITIES			
Payables to Suppliers	5	1,500,000	1,500,000
Taxes and Amount Payable to States	6	<u>0</u>	<u>0</u>
		<u>1,500,000</u>	<u>1,500,000</u>
RESOURCES			
Grants and Aids	7	7,507,803	14,644,681
Accummulated Reserves	8	<u>711,894,932</u>	<u>534,407,199</u>
		<u>719,402,735</u>	<u>549,051,880</u>
TOTAL RESOURCES		<u>720,902,735</u>	<u>550,551,880</u>



PROF. EMEKA E. OGUZIE
(Centre Leader)



MS IFEOMA E. MGBENU
(Project Accountant)



PROF. MRS. NNENNA N. OTI
(Vice Chancellor)

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 THE YEAR ENDED 31ST DECEMBER, 2023**

		2023	2022
		N	N
	Notes		
REVENUE FROM STUDENTS	9	10,878,200	9,541,280
REVENUE FROM FUNDING PARTNERS	10	482,708,589	522,822,368
VALUE OF BUILDING DONATIONS	12	0	249,510,107
MISCELLANEOUS RECEIPTS	13	<u>1,852,439</u>	<u>659,850</u>
TOTAL REVENUE		<u>495,439,228</u>	<u>782,533,604</u>
LESS:			
PERSONNEL COST	14	4,237,332	2,142,600
IMPLEMENTATION & ADMINISTRATIVE EXPENSES	15	238,498,084	221,056,970
FINANCE CHARGES	16	103,414	157,702
DEPRECIATION CHARGE	17	<u>83,213,173</u>	<u>24,862,658</u>
TOTAL EXPENDITURE		<u>326,052,002</u>	<u>248,219,930</u>
SURPLUS/ (DEFICIT)		169,387,225	534,313,674
Add: Foreign Exchange Rate Difference		<u>8,100,508</u>	<u>93,525</u>
SURPLUS OF FUNDS OVER EXPENDITURE		<u>177,487,733</u>	<u>534,407,199</u>

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 THE YEAR ENDED 31ST DECEMBER, 2023**

	2023	2022
	N	N
RECEIPTS		
World Bank Funds/IDA Funds	482,708,589	522,822,368
Grants and Aids	104,432,624	14,644,681
School Fees	10,878,200	9,541,280
Revenue/Donations from Futo	0	249,510,107
Miscellaneous Receipts	<u>1,852,439</u>	<u>659,850</u>
Total Receipts	599,871,852	797,178,286
DISBURSEMENTS		
Personnel Costs	4,237,332	2,142,600
Administrative Expenses	238,601,497	219,714,672
Research Grants	111,569,502	0
Other Receivables	<u>11,691,700</u>	<u>8,439,400</u>
Total Disbursements	<u>366,100,031</u>	<u>230,296,672</u>
Difference of Receipts over Disbursements	233,771,820	566,881,613
Purchase of PPE	-154,476,691	-241,266,400
Cost of Building	-11,801,147	-263,294,581
Surplus of Receipts over Disbursements	67,493,983	62,320,632
Foreign Exchange difference	8,100,508	
NET CASH FROM ALL ACTIVITIES	75,594,491	62,320,632
CASH AT 1ST JANUARY 2023	62,320,632	0
CASH AT 31ST DECEMBER, 2023	138,347,540	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 THE YEAR ENDED 31ST DECEMBER, 2023**

	2023	2022
	N	N
ACE Operational Account (Naira)	124,761,962	46,225,153
ACE Sustainable Account Account (Naira)	6,077,775	5,631,635
ACE Operational Account (Dollar)	<u>7,507,803</u>	<u>10,463,844</u>
	<u>138,347,540</u>	<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 January 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.

	2023	2022
	N	N
CASH		
Cash on Hand	0	0
ACE Operational Account (Naira)	124,761,962	46,225,153
ACE Sustainable Account Account (Naira)	6,077,775	5,631,635
ACE Operational Account (Dollar)	<u>7,507,803</u>	<u>10,463,844</u>
	<u>138,347,540</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.

	2023	2022
	N	N
OTHER RECEIVABLES		
School fees received in FUTO Account	10,878,200	4,127,000
Unretired Advances	<u>813,500</u>	<u>4,312,400</u>
	<u>11,691,700</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.

	2023	2022
	N	N
FOREIGN EXCHANGE DIFFERENCE		
Exchange difference	<u>8,100,508</u>	<u>93,525</u>

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	2%
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	
		1/1/2023	Additions	Re-classification	Total Cost	Accumulated Depreciation	Dep. For the year	Impairment	Total Depreciation	Net Book Value
Building	₦	268,330,499	11,801,147	0	280,131,646	0	5,602,633	0	5,602,633	<u>274,529,013</u>
Plant & Machinery	₦	10,728,276	22,224,726	0	32,953,003	1,072,828	3,295,300	0	4,368,128	<u>28,584,875</u>
Computers	₦	14,256,714	7,136,689	0	21,393,403	1,425,671	2,139,340	0	3,565,012	<u>17,828,391</u>
Office Equipment	₦	10,116,149	5,787,995	0	15,904,145	2,023,230	3,180,829	0	5,204,059	<u>10,700,086</u>
Furniture & Fittings	₦	50,068,280	3,293,479	0	53,361,759	10,013,656	10,672,352	0	20,686,008	<u>32,675,751</u>

Laboratory & Workshop Equipment	₦	3,784,191	49,704,014	107,360,981	160,849,186	756,838	32,169,837	0	32,926,675	127,922,510
Motor Vehicles	₦	38,281,740	66,329,788	0	104,611,527	9,570,435	26,152,882	0	35,723,317	<u>68,888,210</u>
Library Books	₦	1,634,150	0	0	1,634,150	0	0	0	0	<u>1,634,150</u>
Work in Progress (Equip in Transit)	₦	107,360,981	0	-107,360,981	0	0	0	0	0	<u>0</u>
Total	₦	<u>504,560,981</u>	<u>166,277,837</u>	<u>0</u>	<u>670,838,818</u>	<u>24,862,658</u>	<u>83,213,173</u>	<u>0</u>	<u>108,075,831</u>	<u>562,762,987</u>

Note:

Cost of work in Progress are the equipment ordered and paid for which are in transit at the end of the year previous year, which has been delivered and allocated to their respective assets.

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) **1,500,000**

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.

	2023	2022
	N	N
GRANTS		
Unspent Balance at 1/1/2023	14,644,681	0
Volvo Research and Educational Foundation	0	10,463,844
Nigerian Communication Commission	0	4,180,838
Grant from WACEENET Mobility	7,507,803	
Research Grant received in the year	<u>96,924,821</u>	<u>0</u>
	<u>119,077,305</u>	<u>14,644,681</u>
Disbursement in the year	<u>111,569,502</u>	<u>0</u>
Grant at 31/12/2023	<u>7,507,803</u>	<u>14,644,681</u>

8. RESERVES

Balance b/f	534,407,199	0
Adjustment for the period	0	0
Surplus/(Deficit) for the period	<u>177,487,733</u>	<u>534,407,199</u>
Balance at 31 December, 2023	<u>711,894,932</u>	<u>534,407,199</u>

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.

	2023 N	2022 N
10. REVENUE FROM STUDENTS		
Student's Fees as at 31 December, 2021	0	6,216,080
School Fees for the year	<u>10,878,200</u>	<u>3,325,200</u>
	<u>10,878,200</u>	<u>9,541,280</u>
11. REVENUE FROM FUNDING PARTNERS		
Balance as at 31 December, 2021	0	100,938,481
World Bank/IDA Funding for the year	<u>482,708,589</u>	<u>421,883,887</u>
	<u>482,708,589</u>	<u>522,822,368</u>
12. REVENUE/DONATIONS FROM FUTO		
FUTO Counterpart Funds	0	23,695,842
Value of Building donated by FUTO	<u>0</u>	<u>225,814,265</u>
	<u>0</u>	<u>249,510,107</u>

13. MISCELLANEOUS RECEIPTS

Short Course Application	0	500
Sale of Research Findings	0	100
Doctorate Degree Application fee	0	60,000
Registration Fees	25,000	0
Return of unutilized travel Expenditure	1,824,339	598,750
Miscellaneous	3,100	0
Accreditation fees	<u>0</u>	<u>500</u>
	<u>1,852,439</u>	<u>659,850</u>

14. PERSONNEL COST

Salaries and Wages	<u>4,237,332</u>	<u>2,142,600</u>
--------------------	-------------------------	-------------------------

15. ADMINISTRATIVE EXPENSES:

Local Traveling and Transport	13,162,300	5,631,925
Local Training	8,098,550	12,470,864
International Training	80,728,541	63,045,002
Maintenance of Office Building/Residential Quarters	21,713,166	4,704,238
Cleaning & Fumigation Services	572,000	3,197,500
IT Consulting Services	0	1,880,900
Auditing and Financial Services	1,819,652	1,500,000
Maintenance of Motor Vehicle/Transport Equipment	484,250	144,500
Maintenance of Office/IT Equipment	3,013,570	185,000
Maintenance of Plant/Generators	86,500	3,398,740
Internet Access Charge	45,394,675	10,628,238
Interactive Learning Network	1,468,285	27,247,831
Software Charge/Licence Renewal	3,085,822	21,736,376
Office Stationeries/Computer Consumables	773,900	494,500
Teaching Aids/Instruction Materials	6,275,860	18,674,396
Motor Vehicle Fuel Cost	877,730	50,875
Plant/Generator Fuel Cost	<u>509,360</u>	<u>58,200</u>
Balance C/D	<u>188,064,161</u>	<u>175,049,085</u>

	2023 N	2022 N
Balance B/F	188,064,161	175,049,085
Publicity & Advertisement	1,493,000	1,871,737
Research and Development Expense	575,750	511,050
Team Building/Service Meeting Cost	2,778,214	5,915,959
Student Costs	11,203,623	6,193,635
Accreditation Expenses	14,149,750	13,072,035
Laboratory Consumables/Reagents	4,485,949	119,500
Insurance Expenses	5,596,370	1,311,503
VAT, WHT and SD Paid	0	17,012,467
Security Services	5,630,557	0
Postages and Courier	22,200	0
Subscription to Professional Bodies	660,110	0
Telephone Charges	<u>3,838,400</u>	<u>0</u>
	<u>238,498,084</u>	<u>221,056,970</u>

16. FINANCE CHARGES

Bank Charges	<u>103,414</u>	<u>157,702</u>
--------------	----------------	----------------

17. DEPRECIATION

Charge for the year	<u>83,213,173</u>	<u>24,862,658</u>
---------------------	-------------------	-------------------



BN 2092458
JAMES DURU & CO.
(CHARTERED ACCOUNTANTS)

J. U. Duru, B.Sc, CFAN, FCTI, FCA
P. M. Nlebemuo, B.Sc, CISA, FCA
S. O. Olorunda, MBA, CIPN, FCTI, FCA

3 June, 2024

The Centre Leader

Africa Centre of Excellence in Future Energies and Electrochemical Systems
Federal University of Technology
Owerri,
Imo State, Nigeria

Dear Sir,

**MANAGEMENT LETTER ON THE AUDIT OF ACE-FUELS,
FEDERAL UNIVERSITY OF TECHNOLOGY, OWERRI FOR
THE YEAR ENDED 31 DECEMBER, 2023.**

We are pleased to report that we have completed the audit of the Financial Statements of Africa Centre of Excellence In Future Energies and Electrochemical Systems, Federal University of Technology Owerri, Imo State for the year ended 31 December, 2023.

As it is the practice of the firm to report on material issues which came to our notice in the course of the audit and which we deem fit to bring to your attention. However, our letter may not necessarily highlight all the possible internal control weaknesses which could be revealed in a specialized audit. This is because our audit procedures are designed to satisfy the primary objective of expressing an opinion on the Financial Statements of the Centre.

Our report is therefore intended to assist Management to be more efficient and systematic in running the Centre.

Some observations are stated below:

• Audit • Taxation • Financial Services

ABUJA OFFICE: Suite 123, Anbeez Plaza, Plot 2121 Ndoia Square, Opp. Former CAC Wuse Zone 5, Abuja.
P. O. Box 12645 Wuse, Abuja | Tel: 08032695961, 08189719020 | E-mail: jamesduru001@gmail.com, jovisduru@yahoo.com

BRANCHES: PORT HARCOURT & LAGOS

1. We observed that petty cash expenditure are not properly analyzed according to expenditure heads. The Accountant explained that Accounting Software deployed could not handle separate analysis for petty cash expenses. None analysis of expenditures into their proper heading as done in the cash book can lead to:
 - i. Over/Under statement of some expenditures
 - ii. May lead to complete omission of some expenses
 - iii. May induce cash loss

Recommendation:

- i. We advised the Accountant to create excel sheet analysis of petty cash expenses and later integrate by adding totals to the main cash book.
- ii. Where possible, request the software providers to integrate petty cash analysis in the accounting package deployed to the center.

Management Response:

Recommendation noted.

2. USE OF OFFICIAL RECEIPT

We observed that inflows into the Center's Bank Accounts are not supported with official receipts. We acknowledge funds from World Bank/IDA are received in two ways:

- a. Direct inflow into operational account
- b. Payment of bills initiated by the Center

While the first are properly analyzed in the cash book, the second are not, thereby creating difficulty to ascertain the total disbursement received from World Bank/IDA/NUC. If receipts are issued for inflows, essential information such as date, names from whom received, purpose, amount etc will be contained in the receipt. This will make recording and classification easy.

Recommendation:

- i. We recommend immediate printing of official receipt voucher to document all income and funds to the Center.
- ii. All inflows ie, disbursement from NUC to your operational accounts, bills initiated by you and paid by NUC, Research grants and any other inflow must be supported with official receipt voucher.

Management Response:

Funds earned are received by the National Universities Commission (NUC) on behalf of the Centre, and as the needs arise, the Centre requests for funds for their operations. The inflow

of funds are recognized in the Flexible Accounting Software with Receipts Nos. that are generated by the software. For payment of bills initiated by the Centre and paid on our behalf by NUC, the transactions are recorded by the raising of journals which are generated by the software.

3. POOR NARRATION IN CASH BOOK

We observed poor and scanty narration on all cash book postings. There should be proper and detailed narration in the particulars column of the Cashbook. For instance, the deduction of taxes is often narrated WHT, VAT, Stamp duty without the purpose/assets for which those taxes were deducted.

Recommendation:

We recommend a more detailed narration in the cash book to enable proper classification of the expenses. Likewise other expenses should be well described in the cash book.

Management Response:

We have noted your observation, with respect to third party transactions, though we try to capture details as much as possible.

4. YEAR 2023 TETFUND NATIONAL RESEARCH FUND (NRF) INTERVENTION N240,996,720.12.

The above amount was a grant from TETFund National Research Fund (NRF) Intervention which was received into Federal University of Technology existing project account number 0140105761038 and was subsequently disbursed to various Research grant recipients during the year for the intended research purpose. This transaction did not reflect in the current financial statements been prepared.

5. ACCOUNT RECEIVABLE

We noted that total sum of N10,878,200.00 being students school fees were paid into FUTO bank account in 2023 year under consideration and had remained there till date. Similar amount of N4,127,000.00 for year 2022 was equally paid into the same FUTO account but had been refunded which is commendable.

Recommendation:

Management of the Centre should endeavor to supply the students proper account details of the Centre at the time of admission processes. Adequate information and sensitization be made to the students as to the proper Bank Accounts for use in payment of school fees. Effort should be made for refund of the above amount to the Centre without further delay.

Management Response:

We have noted your observations, efforts are ongoing to recover the funds from the University. The funds will reflect in 2024 Accounts.

6. INDEPENDENT AUDITORS' ASSURANCE REPORT ON INTERNAL CONTROL

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

Report in internal control

We have audited, in accordance with International Standards on Auditing, the financial statements of the Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS) for the year ended 31 December, 2023 and issued the independent auditor's report thereon dated 3 June, 2024 expressing an unqualified opinion on those financial statements.

In connection with our audit of the Centre's financial statements, we also examined the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting, and issue the report of Independent Auditor on internal control.

Responsibilities of the Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS)

As stated in the Statement of Africa Centre of Excellence In Future Energies and Electrochemical Systems (ACE-FUELS) on page 3, the Centre is responsible for designing and maintaining 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 statements so as to minimize errors and frauds; and take responsibility for its assertions as to the effectiveness of such internal control.

Our Independent and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We apply International Standard on Quality Control and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.


Auditor's Responsibilities

Our Responsibility is to express an opinion on the effectiveness of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as internal control over financial reporting based on our examination on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements, issued by the International Auditing and Assurance Standard Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether, in all material respects, the management has maintained effective internal control over compliance with the requirements that could have a direct and material financial effect on the financial statements as well as internal control financial reporting.

Our examination included obtaining an understanding of internal control over compliance with requirements that could have a direct and material financial effect on the financial statements as well as of internal control over financial reporting, testing and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances to obtain sufficient appropriate evidence on which to base our opinion. Because of inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not to be detected. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, as well as our findings as presented in the Management Letter on pages 1 to 4
Opinion

In our opinion, the Centre has maintained, in all material respects, effective internal control over compliance with requirements that could have a direct and material financial effect on the School's financial statements as well as over financial reporting for the year ended 31 December, 2023.


JAMES U. DURU
Managing Partner

