

AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT OF  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY (AUST) IN  
MATERIAL SCIENCE AND ENGINEERING  
(AUST/PAMI/2015 CREDIT No. 5415-NG)

**AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT OF  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY (AUST) IN  
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Auditors

Directors

Income and Payments

Professors

**Financial Statements,  
2016**

**AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY  
(AUST/PAMI/2015 CREDIT NO. 5415-NG)**

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**AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY  
(AUST/PAMI/2015 CREDIT NO. 5415-NG)**

## **Corporate Information**

**Project Management Team:**

- |                                 |  |
|---------------------------------|--|
| › Prof. Kingston Nyamapfene     | <i>President</i>                         |
| › Dr. Omololu Akin-Ojo          | <i>Centre Leader</i>                     |
| › Prof. Charles Chidume         | <i>Deputy Centre Leader</i>              |
| › Dr. Shola Odusanya            | <i>Co-centre Leader</i>                  |
| › Mr. Ben Okonkwo, FCA          | <i>Finance Officer</i>                   |
| › Mr. Morgan Leo                | <i>Procurement Officer</i>               |
| › Dr. M.G Zebaze Kana           | <i>Scientific Advisor</i>                |
| › Mr. Osondu Onwuzurigbo        | <i>Financial Officer</i>                 |
| › Ms. Victoria Agbo             | <i>Monitoring and Evaluation Officer</i> |
| › Mr. Adeyemi Adebowale Olusola | <i>Auditor</i>                           |
| › Mrs. Tracey Odigie            | <i>Executive Secretary</i>               |
| › Mrs. Odette Fayen Anye        | <i>Administrative Officer 1</i>          |
| › Mr. Inegbenosa Osoba          | <i>Administrative Officer 2</i>          |

**Executing Agency:**

- › African University of Science and Technology

**Project Office:**

- › Km 10 Airport Road,  
Galadimawa,  
FCT Abuja.

**Independent Auditors:**

- › Alatta Nzewi Oyeka & Co.  
1, Oyediran Street,  
Off, Bode Thomas Street,  
Surulere,  
Lagos.  
01-2122501

**Bankers:**

- › Guaranty Trust Bank Plc.

**AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY  
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**Financial Highlights**

*Year Ended December 31, 2016*

	<b>2016</b>	<b>2015</b>	<b>Increase/(Decrease)</b>	
	<b>N</b>	<b>N</b>	<b>N</b>	<b>%</b>
<b>Statement of Receipts and Payments</b>				
Receipts	647,129,169	147,172,327	499,956,842	77
Payments	232,633,829	59,988,245	172,645,584	74
Excess of receipts over payments	414,495,340	87,184,082	327,311,258	79
<b>Statement of Financial Position</b>				
Total assets	647,699,279	147,172,327	500,526,952	77
Net assets	647,129,169	147,172,327	499,956,842	77

## **REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS OF**

### **AFRICAN HIGHER EDUCATION CENTERS FOR EXCELLENCE PROJECT OF AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY (AUST) ABUJA IN MATERIAL SCIENCE AND ENGINEERING (AUST/PAMI/2015) FOR THE YEAR ENDED DECEMBER 31, 2016 – CREDIT/GRANT No. 5415-NG.**

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

We have audited the accompanying financial statements of **African Higher Education Centers of Excellence Project of African Institutions of Science and Technology (AUST) Abuja** (“the Project”) which comprise the statement of financial position at December 31, 2016, the statement of receipts and payments and statement of cash flows for the year then ended, the statement of accounting policies, and notes as set out on pages 6 to 11. The project is financed by World Bank – Credit/Grant No. 5415/NG.

#### ***Opinion***

In our opinion:

- i. **The Project Financial Statements** give a true and fair view of the financial position of the Project and the statement of cash flows for the year ended December 31, 2016 and in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria.
- ii. **The Statement of Special Account (SA)** of the Project on page 12 have been prepared on the basis of cash deposits and withdrawals for the purpose of complying with the grant agreement and give a true and fair view of the beginning and ending balances and the accounts activity for the year ended December 31, 2016.
- iii. **The Statement of Expenditure** used as the basis for submission of withdrawal applications, in our opinion, does not contain ineligible expenditure for which reimbursement has been claimed.

#### ***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 section of our report. We are independent of the Project in accordance with **the International Ethics Standards Board for Accountants (IESBA) Code** together with the ethical requirements that are relevant to our audit of the financial statements 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.

#### ***Other information in the financial report***

The directors are responsible for the Other Information. The Other Information comprises all the information in the **African Higher Education Centers of Excellence Project of African Institutions of Science and Technology (AUST) Abuja** 2016 annual report other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

***Project Management Teams' responsibility for the financial statements***

The project management teams are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

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

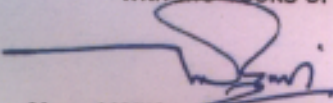
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

***Report on other legal requirements***

The Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 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 purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Project, so far as appears from our examination of those books;
- iii) the Project's statement of financial position and statement of profit or loss are in agreement with the books of account.

  
**Nzewi Wilfred Azubueze FCA, FRC/2013/ICAN/00000002900**  
**for: Alatta Nzewi Oyeka & Co.**  
*(Chartered Accountants)*  
**Lagos, Nigeria**  
**June 30, 2017**



**AFRICA HIGHER EDUCATION CENTERS OF EXCELLENCE PROJECT  
AFRICAN UNIVERSITY OF SCIENCE AND TECHNOLOGY  
(AUST/PAMI/2015 CREDIT NO. 5415-NG)**

## **Principal Accounting Policies**

*Year Ended December 31, 2016*

The significant accounting policies adopted in arriving at the financial information are set out in these financial statements are as follows:-

**1 Accounting Convention:**

The financial statements have been prepared under the cash basis of accounting.

**2 Operating Cost**

The operating cost is written off as they are incurred but disclosed separately on the statement of financial position as Project Operating Cost.

**3 Revenue Recognition**

This represents grants and subventions received from the International Development Association during the period.

**4 Property, Plant and Equipment**

- i. Property, plant and equipment are stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.
- ii. The cost of the day to day servicing of property, plant and equipment are recognized in the profit or loss account as incurred.
- iii. Gains and losses on the disposal of property, plant and equipment are determined by reference to their carrying values and are included in the profit or loss account.

**5 Depreciation**

Depreciation is not provided in this financial statement. Depreciation shall be charged at an appropriate date. Future annual depreciation rates to be used for the principal classes of assets would be as follows:

Plant and Machinery	15%
Motor vehicles	20%
Office Equipment	15%
Furniture and fittings	15%
Computer and laboratory equipment	33.33%

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**Statement of Receipts and Payments**

Year Ended December 31, 2016

	Note	Total as at 12/31/2016 N	Years to 12/31/2016	Years to 12/31/2015 N
<b>Receipts:</b>				
Pan-African Material Institute Fund	6	<b>647,129,169</b>	<b>499,956,842</b>	<b>147,172,327</b>
<b>Less: Payments</b>				
Property, Plant and Equipment	2	1,219,800	-	1,219,800
Applied Research	3.1	138,287,328	109,574,327	28,713,001
Governance and Management	3.2	6,038,007	3,552,457	2,485,550
International Academic Partnership	3.3	65,406,517	46,038,750	19,367,767
Regional Co-operation	3.4	623,500	-	623,500
Academic/Programs	3.5	12,750,405	12,750,405	-
Other Receivables	4	8,878,382	1,299,755	7,578,627
Statutory Payables	6	(570,110)	(570,110)	-
		<b>232,633,829</b>	<b>172,645,584</b>	<b>59,988,245</b>
<b>Excess of Receipts over Payments</b>		<b>414,495,340</b>	<b>327,311,258</b>	<b>87,184,082</b>
<b>Represented By:</b>				
Cash and cash equivalents	5	<b>414,495,340</b>	<b>327,311,258</b>	<b>87,184,082</b>

The principal accounting policies on page 6 and notes on pages 10 and 11 form an integral part of these accounts.



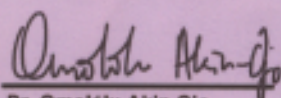
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**Statement of Financial Position**

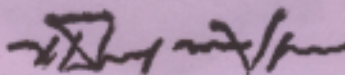
*As at 31st December, 2016*

Assets Employed	Note	2016 N	2015 N
Property, Plant and Equipment	2	1,219,800	1,219,800
Project Operating Cost	3	223,105,757	51,189,818
		<u>224,325,557</u>	<u>52,409,618</u>
Current Assets:			
Other receivables	4	8,878,382	7,578,627
Cash and cash equivalents	5	414,495,340	87,184,082
		<u>423,373,722</u>	<u>94,762,709</u>
Current Liabilities:			
Statutory payables	6	570,110	-
<b>Net Assets</b>		<u>647,129,169</u>	<u>147,172,327</u>
<b>Financed By</b>			
Pan-African Material Institute Fund	7	647,129,169	147,172,327

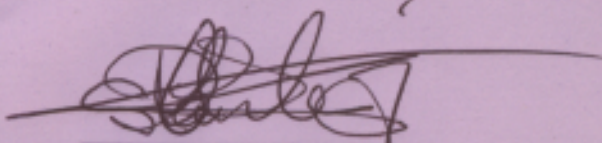
The Financial Statements on pages 6 to 11 were approved by the Project Management Team on 29th June, 2017 and signed on its behalf by:



Dr. Omololu Akin Ojo  
Centre Leader



Prof. Kingston Nyamapfene  
President



Ben Okonkwo, FCA (FRC/ICAN/2015/000000/2003)  
Project Finance Officer

The principal accounting policies on page 5 and notes on pages 9 and 10 form an integral part of these accounts.

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**Cash Flows Statement**

*Year Ended December 31, 2016*

	2016 N	2015 N
<b>Cash Flows for the year</b>		
Pan-African Material Institute Fund	<b>647,129,169</b>	<b>147,172,327</b>
<b>Disbursements</b>		
Property, Plant and Equipment	1,219,800	1,219,800
Project Operating Cost	223,105,757	51,189,818
Other Receivables	-	-
	<b>224,325,557</b>	<b>59,988,245</b>
Statutory Payables	<b>570,110</b>	-
Net Cash Inflows	<b>423,373,722</b>	<b>87,184,082</b>
<b>Represented By:</b>		
Cash and cash equivalents	<b>414,495,340</b>	<b>87,184,082</b>

*The principal accounting policies on page 6 and notes on pages 10 and 11 form an integral part of these accounts.*

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**Notes on the Accounts**

Year Ended December 31, 2016

**1 The Project**

The Pan African Materials Institute (PAMI) project of African University of Science and Technology, Abuja became effective from the date of signing the Financing Agreement on the 25th February 2015 between the Nigerian Government and the World Bank. The signing of the Partnership Agreement was concluded in May 2015.

**The Aims and Objectives of the Project**

This project aims specifically to train a critical number of M.Sc. and Ph.D. students from Nigeria and other countries in Western and Central Africa. Specifically, the program aims:

- i. To provide excellence in educational and research capacity building;
- ii. Deliver regional high quality training;
- iii. Enhance impact of the centers on research development;
- iv. Build and strengthen regional and international academic partnership;
- v. Enhance governance and management of centers and participatory universities.

Towards achieving the above objectives, African University of Science and Technology (AUST) Abuja has the Pan African Materials Institute (PAMI) driving its center of excellence status.

**The Project Parties:**

- i. World Bank (International Development Association)
- ii. Federal Republic of Nigeria
- iii. National University Commission (NUC)
- iv. African University of Science and Technology(AUST)
- v. Net-work Partners (Academic and Non-academic Institutions)

**2 Property, Plant and Equipment**

Microsoft Office Software  
HP Desktop Computer, LaserJet Printer and Photocopier

Total as at 2016 N	Year to 2016 N	Years to 2015 N
179,550	-	179,550
1,040,250	-	1,040,250
<b>1,219,800</b>	<b>-</b>	<b>1,219,800</b>

**3 Project Operating Cost**

**3.1 Applied Research**

Conference and Seminars  
Student scholarship

43,919,250	32,262,452	11,656,798
94,368,078	77,311,875	17,056,203
<b>138,287,328</b>	<b>109,574,327</b>	<b>28,713,001</b>

**3.2 Governance and Management**

Training workshop  
Printing and Stationery  
Telephone expenses  
Audit and Accountancy Services  
Computer Accessories  
IT expenses  
Repairs and maintenance - Building  
Bank charges

2,375,964	70,000	2,305,964
157,900	106,910	50,990
690,000	670,000	20,000
500,000	500,000	-
291,000	291,000	-
869,000	869,000	-
868,700	868,700	-
285,443	176,847	108,596
6,038,007	3,552,457	2,485,550
-	-	-
<b>6,038,007</b>	<b>3,552,457</b>	<b>2,485,550</b>

Exchange (gain)/loss

## Notes on the Accounts (Cont'd)

Year Ended December 31, 2016

	Total as at 2016 N	Year to 2016 N	Years to 2015 N
<b>3.3 International Academic Partnership</b>			
International Conferences	27,617,474	8,249,707	19,367,767
Hosting of visiting Scientists	37,789,043	37,789,043	-
	<b>65,406,517</b>	<b>46,038,750</b>	<b>19,367,767</b>
<b>3.4 Regional Co-operation</b>			
Faculty travel/support	<b>623,500</b>	-	<b>623,500</b>
<b>3.5 Academic/Programs</b>			
Faculty Lecture Expenses	687,750	687,750	-
Laboratory Expenses	9,421,005	9,421,005	-
Student Services Expenses	-	-	-
Pasmat Expenses	2,641,650	2,641,650	-
	<b>12,750,405</b>	<b>12,750,405</b>	-
	<b>223,105,757</b>	<b>171,915,939</b>	<b>51,189,818</b>
<b>4 Other Receivables</b>			
Staff cash advances	<b>8,878,382</b>	<b>1,299,755</b>	<b>7,578,627</b>
<b>5 Cash and Cash Equivalents</b>			
Cash Balance	4,883,981	4,750,636	133,345
Guaranty Trust Bank Plc	409,611,359	322,560,622	87,050,737
	<b>414,495,340</b>	<b>327,311,258</b>	<b>87,184,082</b>
<b>6 Statutory Payables</b>			
Withholding Tax Payables	<b>570,110</b>	<b>570,110</b>	-
<b>7 Funding</b>			
Pan-African Material Institute Fund	<b>647,129,169</b>	<b>499,956,842</b>	<b>147,172,327</b>