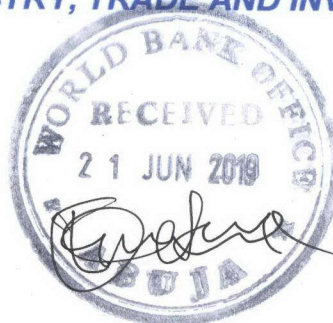




THE WORLD BANK

GROWTH AND EMPLOYMENT PROJECT (GEM)
(FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT)



FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2019

AUDITED BY

OFFICE OF THE AUDITOR-GENERAL FOR THE FEDERATION
Plot 273, Samuel Ademulegun Street,
Central Business District,
Abuja.

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GROWTH AND EMPLOYMENT (GEM) PROJECT
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT
FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS
PERIOD ENDED 31ST MARCH 2019

PROJECT INFORMATION/PROFILE

Growth and Employment (GEM) Project is a Federal Government of Nigeria Project supported by the World Bank through IDA credit of \$160m.

The Project is domiciled in the Federal Ministry of Industry, Trade and Investment, and will run for a period of five (5) years; 2013 – 2018. However, the project was extended till March 29th, 2019.

The project objective is “To increase growth and employment in participating firm in Nigeria”

The focus of the project is on two main sector of the economy,

SERVICE: ICT, Entertainment, Tourism & Hospitality, and Construction.

MANUFACTURING: Light manufacturing (Agro-processing and other manufacturing)

Members of national steering committee

National Competitive Council of Nigeria
Federal Ministry of Finance
Federal Ministry of Agriculture
Federal Ministry of Communication Technology
Federal Ministry of Information and Culture
Nigeria Economic Summit Group

PRINCIPAL OFFICERS OF THE PROJECT

Vacant	Project Co-ordinator
Mr Ndah Abu Ali	Assistant Project Co-ordinator
Mrs Ilesanmi Aigba	Project Accountant
Mrs Uche Aneke	Project Internal Auditor
Mr Agonsi Ikechukwu	Procurement Officer

The position of Project Co-ordinator was vacant from February 15th 2018 till the end of the reporting period. The Assistant Project Co-ordinator acted as the Project Co-ordinator for the entire period. All other principal officers held office throughout the reporting period.

GROWTH AND EMPLOYMENT (GEM) PROJECT
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT
FINANCIAL STATEMENTS FOR THE FIFTEEN MONTHS
PERIOD ENDED 31ST MARCH 2019

Project Head Office and Implementing Agency:

Growth and Employment (GEM) Project,
Federal Ministry of Industry, Trade and Investment
Old Federal Secretariat,
Area 1, Abuja

Project Banker:

Central Bank of Nigeria
Central Business District,
P. M. B 0187, Abuja.

Project Financier:

The World Bank

Project External Auditor:

Office of the auditor-General for the Federation
Plot 273, Samuel Ademulegun Street,
Central Business District,
P. M. B 28, Garki
Abuja
Web site: www.oaugf.ng
e-mail: info@oaugf.ng



THE AUDITOR-GENERAL FOR THE FEDERATION

Audit House, Plot 273, Samuel Ademulegun Street, Central Business District,
P.M.B. 128, Garki - Abuja, Nigeria.

The Acting Project Coordinator,
Growth and Employment Project (GEM),
Federal Ministry of Industry, Trade and Investment,
Old Secretariat,
Abuja

AUDIT OF THE GROWTH AND EMPLOYMENT PROJECT (GEM) PERFORMED BY THE AUDITOR GENERAL FOR THE FEDERATION

AUDITOR'S REPORT

Opinion

I have audited the financial statements of Growth and Employment Project (GEM) for the period ended 31st March, 2019. These financial statements comprise the *Statement of Financial Position, Statement of Financial performance, Cashflow Statement and Statement of Net Assets/Equity* for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at 31st March, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* Section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidences obtained are sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSAS, and for such internal control as management 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, management is responsible for assessing the Entity'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 management either intends to liquidate the project or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with (ISSAIs), 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 Financial Audit Methodology (FAM), which is consistent with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit. I 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 my 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 controls.
- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I 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. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



A. M. AYINE, FCA

Auditor-General for the Federation
June 17, 2019

**GROWTH AND EMPLOYMENT PROJECT
FEDERAL MINISTRY OF INDUSTRY TRADE AND INVESTMENT
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH, 2019**

	2019	2017
EMPLOYMENT OF FUNDS		
CURRENT ASSET		
Cash & Cash Equivalent	12,420,027,486.91	11,680,569,217.02
Cash Advance	-	42,965,991.00
Receivables & Prepayments	4,500,000.00	-
	12,424,527,486.91	11,723,535,208.02
Non-Current Asset		
Development Capital Expenditure	5 3,912,977,225.05	2,890,797,338.95
Development Operating Expenditure	6 303,270,189.86	161,162,642.38
Fixed Asset	7 5,721,855.00	5,534,870.00
	4,221,969,269.91	3,057,494,851.33
Total Net Asset	16,646,496,756.82	14,780,476,532.35
LIABILITIES		
Current liabilities		
Payables	1 4 47,387,311.27	56,367,086.89
Short Term borrowings	-	-
Short Term provisions	-	-
Employee benefits	-	-
Total Current Liabilities	47,387,311.27	56,367,086.89
Non-Current Liabilities		
Long term borrowings	-	-
Long term provisions	-	-
Employee benefits	-	-
Total Non-Current liabilities	-	-
Total Liabilities	47,387,311.27	56,367,086.89
Net Assets	16,599,109,445.55	14,724,109,454.46
FINANCED BY		
IDA Credit	4 16,599,109,445.55	14,724,109,454.46
	16,599,109,445.55	14,724,109,454.46

NDAH ABU ALI
(ACTING PROJECT COORDINATOR)

Date: 03/05/19

AIGBA ILESANMI
(PROJECT ACCOUNTANT)

Date: 03/05/2019

GROWTH AND EMPLOYMENT PROJECT
FEDERAL MINISTRY OF INDUSTRY TRADE AND INVESTMENT
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 31ST MARCH, 2019

	2019	2017
INCOME		
IDA Credit	16,599,109,445.55	14,724,109,445.55
Interest	42,887,311.27	13,954,622.81
	16,641,996,756.82	14,738,064,068.36
EXPENDITURE		
Consultancy	10 1,697,689,299.65	1,147,908,293.24
Workshop	11 72,537,759.92	74,695,321.61
Training	12 73,738,852.58	77,294,650.85
Operating Cost	6 303,270,189.86	161,162,642.38
Depreciation	15 572,185.50	553,487.00
	2,147,808,287.51	1,461,614,395.08
Excess Income Over Expenditure	14,494,188,469.31	13,276,449,173.28

GROWTH AND EMPLOYMENT PROJECT
FEDERAL MINISTRY OF INDUSTRY TRADE AND INVESTMENT
STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31ST MARCH, 2019

	2019	2017
Cash Flow from Operating Activities		
Excess of income over Expenditure	14,494,188,469.31	13,276,499,673.28
Depreciation	572,185.50	553,487.00
<i>Net Cash Flow From Operating Activities</i>	<u>14,494,760,654.81</u>	<u>13,277,007,160.28</u>
Cash Flow From Investment Activities		
Purchase of Asset other Expenditure	(5,721,855.00)	(5,534,870.00)
<i>Net Cash Flow From Investment Activities</i>	<u>14,489,038,799.81</u>	<u>13,271,468,290.28</u>
Cash Flow From Financing Activities		
Grants 13	2,069,011,312.90	1,590,899,073.25
<i>Net Cash Flow From Financing Activities</i>	<u>12,420,027,486.91</u>	<u>11,680,569,217.03</u>
Cash & Cash Equivalent for the Year	739,458,269.89	8,531,711,842.75
Cash & Cash Equivalent B/F	11,680,569,217.02	3,148,857,374.28
Cash & Cash Equivalent C/F	<u>12,420,027,486.91</u>	<u>11,680,569,217.02</u>

GROWTH AND EMPLOYMENT (GEM) PROJECT
STATEMENT OF CHANGES IN NET ASSETS/FUNDS FOR THE PERIOD ENDED
31ST MARCH, 2019

	Capital Grant	Reserve	Exchange Difference	Accumulated Surplus/(Deficits)	Total
	N' 000	N' 000	N' 000	N' 000	N' 000
Balance at 1st January, 2018	14,724,109,445.55	-	-		0
Additional Grant/Fund	1,875,000,000.00				1,875,000,000.00
Surplus on Revaluation of PPE					-
Exchange Rate Gain					-
Surplus for the period from Operating activities					14,724,109,445.55
					-
Balance at 31 March 2019	16,599,109,445.55			-	16,599,109,445.55

GROWTH AND EMPLOYMENT (GEM) PROJECT
FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31ST MARCH 2019

• **STATEMENT OF COMPLIANCE WITH IPSAS**

The preparation and contents of these Financial Statements are in accordance with the requirements of the International Public Sector Accounting Standards (IPSAS) accrual basis, except that Statement of Budget and Actual of the Coordinating Unit was excluded because it has not been made publicly available as required by IPSAS 24.

• **ACCOUNTING POLICIES**

The following is the summary of the significant Accounting policies adopted in the preparation of the Project's financial statements.

• **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention and in accordance with the accrual basis of international public sector accounting standards (IPSAS)

FUNDS

All contributions by the Financier were only recognized when received and capitalized as IDA credit/fund. This fund is subsequently increased or reduced by surplus or deficit from the statement of financial performance.

• **RECOGNITION OF REVENUE & EXPENDITURE**

Revenue and expenditure were recognized when they become receivable or incurred.

• **NON-CURRENT ASSETS**

- Non-current assets acquired during the year (if any) were stated at cost
- Depreciation:
No depreciation was provided on the Non-current Assets

• **REPORTING/FOREIGN CURRENCY**

The financial statements were prepared in Nigerian Naira version. Transactions in foreign currency were translated at the ruling rate for the period, while all foreign accounts balances were translated at the rate of exchange at the reporting date.

• **INVENTORY**

Inventory is valued at accrual of cost and net realizable value

• Stationeries	2,500,000.00
• Giant Stapler	1,200,000.00
• Office Pins	800,000.00
Total	<u>4,500,000.00</u>

4. Revenue

These are IDA Credit denominated in USD (\$) and are translated into Naira at the ruling exchange rate for the period January 2018 to March 2019. No interest was recorded in respect of the Project Fund Account (Naira) maintained with the Central Bank of Nigeria.

The Revenue is made up of :	<u>2019</u>	<u>2017</u>
Balance B/F	14,724,109,445.55	7,023,177,749.48
IDA Credit for the period	<u>6,100,000,000.00</u>	<u>7,700,931,696.07</u>
	20,824,109,445.55	14,724,109,445.55
Less: Return of unutilized fund	<u>(4,225,000,000.00)</u>	-
Total	<u>16,599,109,445.55</u>	<u>14,724,109,445.55</u>

5 Development Capital Expenditure

	<u>2019</u>	<u>2017</u>
Consultancy	1,697,689,299.65	1,147,908,293.24
Workshop	72,537,759.92	74,695,321.61
Training	73,738,852.58	77,294,650.85
Grant	<u>2,069,011,312.90</u>	<u>1,590,899,073.25</u>
TOTAL	<u>3,912,977,225.05</u>	<u>2,890,797,338.95</u>

6 Development Operating Cost

Project Management Operating Expenses	<u>2019</u>	<u>2017</u>
Office rehabilitation	6,331,251.48	-
Books/Periodicals/Subscription	-	1,556,409.00
Equipment maintenance	734,000.00	2,393,700.00
PMU Cost	786,400.00	1,329,200.00
Telephone Internet Service	945,420.93	1,040,775.00
Vehicle Insurance	3,088,858.40	3,088,858.40
Media Expenses	-	934,225.00
Printing and photocopy	578,941.50	1,037,900.00

Generator Fuel and Lubricants	4,230,595.24	8,787,500.00
Technical Support	7,303,037.50	2,025,000.00
Office Stationary	6,248,770.00	2,602,072.02
Computer Consumable	20,000.00	2,312,200.00
Publicity and Advertisement	2,069,261.26	12,728,724.97
Audit Charges	210,000.00	-
Bank Charges	655,350.02	605,465.05
Local Running	120,000.00	32,444,908.91
Security Expenses	14,535,500.00	9,931,250.00
PIU and Other Meeting Expenses	11,040,938.00	1,570,750.00
Vehicle Maintenance	4,807,400.00	6,917,825.00
Fuel Project Vehicle	344,000.00	2,909,364.00
Office maintenance	20,924,570.39	12,831,062.50
Evaluation in Hotel	2,831,272.00	-
Driver allowance	-	2,175,000.00
Office Cleaners	-	8,024,023.81
Local Travel	11,371,290.00	25,041,167.33
WHT FIRS	120,789,515.74	18,001,261.39
VAT FIRS	83,303,817.40	-
Implementation Support	-	874,000.00
TOTAL	<u>303,270,189.86</u>	<u>161,162,642.38</u>

7 Fixed Asset Purchases

	2019	2017
Office Equipment	5,721,855.00	4,924,050.00
ICT Equipment	-	147,600.00
Office Furniture	-	463,220.00
Total	<u>5,721,855.00</u>	<u>5,534,870.00</u>

8. Cash & Bank

CBN TSA ACCOUNT (\$34,727,794.23 @305)	10,591,977,241.07	7,478,854,410.89
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9. OTHERS – Grant Window

A total amount of USD (\$) 84m was allocated to grant for the life of the Project. The total expended between 2018 January to March 2019 on grant is ₦2,069,011,312.90.

10. Consultancy:	2019	2017
BDS Providers	163,102,242.20	-
PAU Enterprise Dev Center	52,261,021.88	19,824,685.63
Project ACT	2,817,812.05	171,338,098.49
Local Consultancy	666,214,693.23	637,977,267.27
International Consultancy	549,280,123.60	210,805,805.95
PWC	159,758,674.76	4,166,000.00
KPMG	<u>104,254,731.75</u>	<u>112,796,435.90</u>
TOTAL	<u>1,697,689,299.65</u>	<u>1,147,908,293.24</u>
11. <u>Workshops:</u> PM workshops tour	72,537,759.92	74,695,321.61
12. <u>Training:</u>	2019	2017
Local Training	5,248,696.00	20,046,799.50
Foreign Training	61,986,707.01	5,518,436.15
Training/Capacity Building	<u>6,503,449.57</u>	<u>51,729,415.20</u>
Total	<u>73,738,852.58</u>	<u>77,294,650.85</u>
13. <u>Grants:</u>	2019	2017
Equity Grant	-	75,420,317.86
Innovative Market Grant	42,791,050.00	36,600,000.00
Institutional Grant	132,470,211.90	-
Accelerator Grant	234,000,000.00	470,313,600.00
Skill Placement Window	31,449,000.00	113,540,000.00
Aso Villa Demo Day (ADDV) Grant	268,790,566.00	409,058,011.39
Fast Track Grant	<u>1,359,510,485.00</u>	<u>485,967,144.00</u>
Total	<u>2,069,011,312.90</u>	<u>1,590,899,073.25</u>

14. <u>Payables</u>	2019	2017
VAT	15,795,770.42	19,655,155.36
WHT	<u>31,591,540.85</u>	<u>36,711,931.53</u>
Total	<u>47,387,311.27</u>	<u>56,367,086.89</u>

The Payables reported in this Financial statement is strictly tax related (VAT and WHT). The figure does not represent the total liabilities of the PIU as at 31st March 2019. Details of other liabilities such as grants, operating expenses, consultancy fees, local and international training etc were not provided for audit examination by the PIU. Consequently, the audit team cannot give any assurance on the total liabilities of the PIU as at 31st March, 2019.

15. **Depreciation**

The Project adopted a depreciation rate of:

Office Equipment	10%
ICT Equipment	10%
Office Furniture	10%

Depreciation Schedule

Cost Items	Office Equipment	ICT Equipment	Office Furniture	Total
	10%	10%	10%	10%
Balance as at 1/1/18	0			0
Addition for the year	5,721,855.00	-	-	5,721,855.00
Total Asset	5,721,855.00	-	-	5,721,855.00
Depreciation	572,185.50	-	-	572,185.00
Total Depreciation for the year	572,185.50	-	-	572,185.00
NBV	5,149,669.50	-	-	5,149,669.50