

2020

Annual Report

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VISION

‘To be the foremost Co-operative Society providing real shari’ah compliant financing and investment to promoting the socio- economic and wellbeing of her members in Nigeria’

MISSION STATEMENT

‘To provide a comprehensive alternative financing and investments which are based on shari’ah principles and give returns in permissive (halal) ways on the investment of members’

OUR CORE VALUES

- ❖ Trust;
- ❖ Transparency;
- ❖ Accountability;
- ❖ Mutual help;
- ❖ Proficiency.

DIRECTORS' REPORT

The Board of Directors of Islamic Crescent Co-operative Society (ICCS) Limited submits its report for the year ended 31 March 2020.

Directors

The following persons held office as Directors of Islamic Crescent Co-operative Society (ICCS) Limited during the year and up to the date of this report, unless otherwise stated:

S/N	Name and Qualification	Experience and special responsibilities
1	Shefi'u K. Badamosi, ND Business Studies, B.Sc. (Hons) Economics, PGD Islamic Banking and Insurance, AFIBI, MBA Islamic Banking and Finance. Executive Chairman	Bro. Shefi'u has more than 10 years of experience in banking and finance industries. He is the pioneer chairman of Islamic Crescent Co-operative Society, Limited. He is the Managing Partner of Lifeline Alternative Finance Limited, (an Islamic Finance Consulting and Consortium) and has qualifications and expertise in Islamic Banking and Finance. He has presented research papers on Islamic economic and finance issues in international seminars/conferences in Nigeria and abroad. He is an Associate Fellow of the Institute of Islamic Banking and Insurance, United Kingdom. He has attended courses in both home and abroad on Islamic Banking and Finance; Corporate Governance and Leadership Quality; Finance Course for Non- Finance Officer; Organizational Supervisory Management; World Conference on Riba; African Takaful (Islamic Insurance) Forum; etc. His professional interests include Islamic Microfinance, Islamic Insurance, Shari'ah Compliant Business, and Islamic Finance Marketing Research. He is the Chief Executive Officer of the ICCS.
2	Bello O. Abdulfatai, ND & HND Computer Science, PGD Education. Vice Chairman	Bro. Abdulfatai is the Chairman of Ajogbe Table Water Industry Limited, Minna, Niger State. He was the Information Communication Technology (ICT) tutor with The Regent Secondary School, Abuja before he later joined another reputable school called Noble Hall as an

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		ICT tutor where he is still working. He has many years of experience in administration and Information Technology. He is the chairman of the Board General Purpose Committee of ICCS.
3	Rabiu Busari, Bsc. Psychology. Secretary to the Board	Bro. Rabiu is working with Nigerian National Petroleum Corporation (NNPC) as a Compensation Officer in the Human Resources Department of the corporation. Before joining the corporation, he had worked at the College of Islamic Sciences, Gusau, Zamfara State. He is a graduate of University of Jos where he studied B.Sc. Psychology. He is an Associate Member of Nigerian Institute of Management and presently doing MBA at the Nasarawa State University. Bro. Rabiu has attended numerous trainings on Business Management and Professionalism.
4	Abdulwaasiu M. Ariyibi, B.Sc. (Edu) Economics, PGD Accounting and Finance. Chief Financial Officer	Bro. Abdulwaasi' is a professional Accountant and was the Chairman of an investment club, Broadpalm Enterprise, Abuja. He has 11 year experience in finance, administration and investment. He is a student member of Association of Chartered Certified Accountant (ACCA) and Professional Risk Managers' International Association. He is presently working as a company accountant with a reputable company in Abuja. He has attended courses on Forensic Accounting; Project Investment, Planning, Analysis and Appraisal; Project Monitoring and Evaluation; etc.
5	Misbaudeen A. Asimolowo, B.Sc. (Edu) Economics, MBA, ACE. Chief Investment Officer	Bro. Misbaudeen has eight (8) years work experience in administration and support services. He is currently working with Tertiary Education Trust Fund, Nigeria as a Senior Education Officer. He is an Associate Chartered Economist (ACE) and a registered member of Teacher Registration Council of Nigeria (TRCN). He has attended courses on Efficiency and Performance Improvement, Capacity Building Workshop on Programmes and Project Management, Report Writing Skills etc. in Nigeria and abroad. He is the Acting Chief Investment Officer.
6	Ismail A. Bushari,	Bro. Ismail Bushari is the Assistant Headmaster/

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	Bsc. (Ed) Accounting, M. Ed Guidance and Counselling Ag. Publicity and Awareness Officer	Vice Principal of Model Islamic Schools, Abuja. He has more than 5 year experience in administration and corporate image making. He is presently doing his master in Guidance and Counseling. He is the chairman of the Publicity and Awareness Committee of the Cooperative.
7	Engr. Shafiu O. Adedeji, B.Sc. Civil Engineering. Non- Executive Director	Engr. Shafiu has over 9 year experience in building and construction with three different reputable construction companies in Abuja as Site Manager before he recently joined Federal Capital Territory Authority as a Civil Engineer. He is a member of General Purpose Committee of the Cooperative.
8	Arome S. Usman, B.Sc. Public Administration. Non- Executive Director	Bro. Shehu is working with Nigerian Nuclear Regulatory Authority (NNRA). Before joining the authority, he has worked with private organizations as image builder and customer service officer. He is a volunteer for public enlightenment on issues concerning Muslims with Kubwa Muslim Community (KMC), Abuja.
9	Saheed S. Akerele, Diploma in Computer Science Non- Executive Director	Bro. Saheed is private business owner. He has experience in business development and monitoring. He is a member of Investment and Appraisal Committee of the Cooperative.

Appointment and Termination

There was no any termination of appointment or new appointment during the accounting year.

Executive Chairman's Statement

All praises belong to Allah, the lord of the whole universe. May the peace and benedictions of Allah be upon the noble Prophet Muhammad, on his companions, his family and the entire Muslims who follow his path.

Dear member,

It is indeed my pleasure to present to you the 5th Annual Report and Accounts of our cooperative for the accounting year ended 31st March, 2020. Your Cooperative witnessed yet another year of persistent growth in total assets moving from **N8,803,624.00** in 2019 to

N10,380,373.00 in 2020 and total income is **N748,073.00**. During the year, your Cooperative was able to drive itself to break-even, though not as expected. This may be considered a feat that is highly phenomenal when one considers the fact that the funds that are available for investment in big projects and businesses are insufficient to invest. We hope that with the introduction of some financial strategies and unflinching efforts on mobilization of additional shares, sufficient funds will be available for investment.

In year 2020 the Cooperative operated within the context of a local economy in which growth was lower than expected. The Nigeria's growth was still adversely affected by the dwindling oil prices couple with the growing insecurity which has multiplier effect on the business activities and growth in capital base of the cooperative as majority of our members were unable to subscribe for additional shares. No doubt, emerging economies like Nigeria faces spells of destabilizing financial flows when inflation rate continue to increase which directly affect the purchasing power of the people during the accounting year under review.

However, the year took on particular significance as the ICCS redefined some of its business models that focus on the impact of our cooperative business to the members. The Cooperative has started developing adequate processes, methodologies and tools to identify and monitor the positive impact of our financing products. This requires a paradigm shift in our business practices particularly in our screening process that not only considers Shari'ah aspects but takes into account the consequences of our financing to the members. This is to realize the elements of Maqaasid Al-Shari'ah (Objectives of Shari'ah) which form part of our mission. Moving forward, we intend to gear up our efforts in serving the real economy through greater participation in the SME (small-sized enterprise) sector that could potentially create greater multiplier effects to the economy and job opportunities for the members. It is in Cooperative's strategies to embark on social finance schemes for our members. The Cooperative will soon introduce Contributory Health Scheme, an initiative to assist members in confronting healthcare challenges through Micro-Takaful System.

It is not an overstatement that the world is really facing a global challenge of COVID- 19 pandemic which has bitten economy of the world hardly that people are losing their jobs day by

day. This may directly affect the business and operations of the cooperative. Nevertheless, we are cautiously positive about the outlook for the 2021 financial year despite the seeming challenges we envisage. We also expect to match our increasing expenses with profitable businesses so that expenses will not eat up the returns from the investment. Therefore, member's supports as well as the doggedness of the Board of the cooperative are necessary and paramount to help us breakthrough. We believe that your unflinching supports have been giving us confidence and respite to mention the least and we sincerely appreciate your supports and the strong belief you have in the success of this project.

I can confidently say that Islamic Crescent Cooperative Society Limited is gearing up towards a more sustainable growth trajectory in the years ahead. Our Board members are working hard every day to place ICCS at the right place in the cooperative sector and the economy at large and make sure our members' well-being is given priority above any other things. This is the only way we think we can appropriately reward our members for trusting us with their hard earned money.

I wish you all Eidum- Mubaarak in advance!

Thank you.



Shefi'u Badamosi
Executive Chairman

Audit Committee's Report to Islamic Crescent Cooperative Society Limited, Abuja.

To the Glory of Almighty Allah (SWT). We have audited the financial statements of Islamic Crescent Co-operative Society Limited, Abuja for the year ended 31st March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable laws in accordance with the FCT Cooperative Act and relevant Islamic guidelines.

This report is made solely to the Society's members, as a body, in accordance with relevant sections of the FCT Cooperative Act and in line with the Regulations and the Byelaws of the ICCS Limited. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an audit committee's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Responsibilities of the Audit Committee

Even though we are not External Auditors, still our responsibility is also to audit and express an opinion on the financial statements in accordance with our terms of reference as stipulated in the Regulations and the Byelaws of the ICCS Limited.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been

consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Managements; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Our Audit Committee's opinion on this year's financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31st March 2020 and of its income and expenditure for the year ended;
- have been properly prepared in accordance with the FCT Cooperative Act and relevant Islamic guidelines; and
- no matters on which we are required to report by exception came to our notice during the audit exercise.

Other issues on which we deemed fit to report for the progress of our Society include the following:

Audit Committee had an agenda during 2019/2020 to carry out its quarterly audit reviews, but we experienced both successes and disappointments.

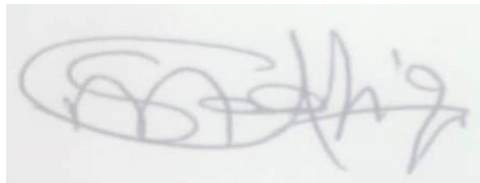
- Only inaugural meeting was held after our Committee's composition in 2019
- Our efforts to carry out September, 2019 maiden quarterly audit reviews proved abortive. Understandably due to the busy nature of our indefatigable Chief Financial Officer (CFO)
- Obviously too, Covid-19 pandemic lockdown safety measure imposed on FCT had its own impact on our scheduled activities
- ICCS Financial Statement draft was obtained from the CFO exactly on the 15th July, 2020,
- Spirited team efforts and personal time sacrifices of the ICCS Chairman, the CIO, the CFO, Mr. Muhammad Oladipo (ACA) (a volunteer ICCS member and Professional Accountant) and members of the Audit Committee all jointly worked around the clock to ensure effective due diligence as regard the audit assignment successfully concluded within a short-term frame.

Recommendations

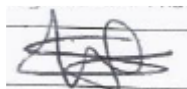
- Programs at getting all Committees especially Audit Committee familiar with the technical operations of the ICCS should be considered going forward.
- Future efforts must be made to mandate Audit Committee to meet quarterly whether Accounts were presented or not.
- The Management should work towards making the position of CFO a full-time engagement.

I am very grateful for the significant work and support provided by my colleagues throughout the year. We all share a strong desire to help make the robustness of financial record keeping of our Co-operative stronger, for the benefit of all members.

Jazakumillah Khaeran.



Bro. Sadiq, M. Abiodun (FCA)
Head of Audit Committee



Bro. Sharafadeen Adeniyi
Jamiu T.
Audit Committee Member
Member

Bro. Olatowo
Audit Committee

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST MARCH 2020

	NOTES	2020	2019
REVENUE	1	8,400,995.00	8,303,110.00
OPERATING COST	2	<u>7,350,870.00</u>	<u>7,100,650.00</u>
OPERATING PROFIT		1,050,125.00	1,202,460.00
INVESTMENT INCOME FROM SUKUK/IJARAH/OTHERS	3	<u>102,632.00</u>	<u>16,335.00</u>
GROSS INCOME FROM OPERATIONS		1,152,757.00	1,218,795.00
EXPENSES			
ANNUAL GENERAL MEETINGS 2017		-	40,000.00
ANNUAL GENERAL MEETINGS 2018		-	70,000.00
GENERAL EXPENSES	4	147,500.00	162,000.00
MEETINGS & CONFERENCES	5	131,000.00	-
SALARIES	6	90,000.00	-
BANK CHARGES		36,184.00	22,671.00
LOSS ON SALE OF ADHA RAMS/INVENTORY		-	32,000.00
TOTAL EXPENSES		<u>404,684.00</u>	<u>326,671.00</u>
PROFIT FOR THE YEAR		<u>748,073.00</u>	<u>892,124.00</u>
OTHER COMPREHENSIVE INCOME			
REGISTRATION & MEMBERSHIP FEE		56,000.00	145,000.00
INCOME GENERATED FROM REVALUATION OF KEKE		<u>-</u>	<u>50,000.00</u>
TOTAL INCOME GENERATED FROM OPERATIONS & OTHERS		<u>804,073.00</u>	<u>1,087,124.00</u>

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020

	NOTES	2020	2019
ASSETS			
NON CURRENT ASSET			
INVESTMENT IN FG SUKUK		500,000.00	500,000.00
CURRENT ASSET			
RECEIVABLE		5,586,860.00	3,818,487.00
QARD HASSAN		312,000.00	230,000.00
CASH & CASH EQUIVALENT	7	3,981,513.00	4,255,137.00
TOTAL CURRENT ASSET		<u>9,880,373.00</u>	<u>8,303,624.00</u>
TOTAL ASSET		<u>10,380,373.00</u>	<u>8,803,624.00</u>
EQUITY AND LIABILITY			
EQUITY			
MEMBERS CONTRIBUTED EQUITY	8	9,376,300.00	7,096,300.00
RETAINED EARNINGS	9	523,651.00	624,487.00
UNDISTRIBUTED DIVIDENDS			232,050.00
GENERAL RESERVE			
30% RETAIED EARNING AS AT MARCH 31 2020		224,422.00	267,637.00
30% RETAIED EARNING AS AT MARCH 31 2018			120,800.00
REGISTRATION & MEMBERSHIP FEE		56,000.00	

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	145,000.00
REVALUATION OF KEKE	50,000.00
ACCUMULATED FUNDS FROM SETUP & MEMBERSHIP FEES	267,350.00

LIABILITIES

NON CURRENT LIABILITIES

CURRENT LIABILITIES

TRADE/TARGET SAVINGS & OTHER PAYABLES	200,000.00	
TOTAL EQUITY & LIABILITIES	10,380,373.00	8,803,624.00

NOTES TO THE FINANCIAL STATEMENT

1 REVENUE	N
Murabaha on general goods & services	4,501,645.00
Mudharaba on textile	2,377,150.00
Istisna' on construction	1,522,200.00
	8,400,995.00
2 OPERATING COST	
Murabaha on general goods & services	3,889,315.00
Mudharaba on textile	2,200,000.00
Istisna' on construction	1,261,555.00
	7,350,870.00
3 INVESTMENT INCOME	
1st quarter Sukuk Income	23,549.00
2nd quarter Sukuk Income	23,679.00
3rd quarter Sukuk Income	16,403.00

	63,631.00
4 GENERAL EXPENSES	
Ramadan gifts for Board members	25,000.00
Annual General Meeting 2019	70,000.00
Consulting fee	10,000.00
FCT ARDS IGR Certificate of registration	10,000.00
Consultancy fee	10,000.00
ICCS website	10,000.00
PR AMAC official	5,000.00
	140,000.00
5 MEETINGS & CONFERENCES	
<i>Conference at Bayero University</i>	50,000.00
Meeting at Al-hayat Foundation	81,000.00
	131,000.00
6 SALARIES	
Staff Salary for January 2020	30,000.00
Staff Salary for February 2020	30,000.00
Staff Salary for March 2020	30,000.00
	90,000.00
7 CASH & CASH EQUIVALENT	
Guarantee Trust Bank	3,822,528.00
Jaiz Bank	158,925.00
	3,981,453.00
8 EQUITY	
Members contributed equity as at April 1, 2019	7,096,300.00
Increase in members contributed equity as at March 31 2020	2,952,000.00
Total Equity	9,376,300.00

9 RETAINED EARNINGS

Profit for the year	748,073.00
30% Transfer to General Reserve	224,422.00
	<hr/> 523,651.00 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Basis of Preparation

The Directors of the Co-operative have prepared the financial statement on the basis that the Co-operative is a non-reporting entity because there are no users dependent on general-purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Nigerian Co-operatives' Act 2004 (As amended). The Co-operative is a for-non-profit entity for financial reporting purposes under these laws.

Being an Islamic Cooperative, to provide more relevant disclosure of assets and liabilities, they have been disclosed in content adhering to the requirement of the AAOIFI "Presentation of financial statements" The financial statements have been presented in accordance with the International Financial Reporting Standards applicable to entities reporting under the Co-operatives Act 2004 and the significant accounting policies disclosed below, which the Directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

(b) Initial Recognition and Measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the financial instrument. For financial assets, this is equivalent to the date that the Co-operative commits itself to either purchase or sell the asset (i.e trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognized as expenses in profit or loss immediately.

(c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held as collateral and deposits held at call with financial institutions, other short-term high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to financial assets held for trading or designated as financing and receivables are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Cooperative's main income generating activity.

(d) Other Revenue

Revenue from the membership registration is recognized upon confirmation of the membership. All revenues are stated net of the operating income.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets are depreciated on either a reducing balance or straight line method over the asset's useful life to the Co-operative commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates proposed for each class of depreciable assets are:

Plant and equipment 1% - 10%

Building and structural improvement 2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of Profit or Loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Comparative figures

When required by Accounting Standards, comparative figures will be adjusted to conform to changes in presentation for the current financial year.

(g) Going Concern Assumption

The financial statements have been prepared based upon the going concern assumption; however the Board of Directors recognizes that the Co-operative is reliant upon the ongoing financial support of its member shareholders to ensure the continuing financial viability of the Co-operative. The Board has a number of financial strategies in place to ensure any sudden demand on the Co-operatives funds by member shareholders can be met without impacting the viability of the Co-operative. The strategies include diversifying profit and cash flow generating activities and maintaining a strategic cash holding level. Also the Board resolution allows the Co-operative the discretion to issue preference shares in lieu of repurchase of shares.

Credit Risk

The Co-operative has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the Co-operative is considered to relate to the class of assets described as receivables.

Related parties

(a) Other related parties

Transactions with related parties of the Co-operative

Transactions with related parties (except otherwise disclosed) are conducted on an arm's length basis under normal commercial terms and conditions. Amounts receivable and payable in respect of transactions between related parties by the Co-operative are highlighted in the financial statement.

(b) Loans to Directors and key Executives

There were no loan (Qard Hassan) outstanding made to Directors and specific Executives as at 31st March 2020.

(c) Directors remuneration

Directors were not paid any amount during 2020 financial year.

(d) Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31st March, 2020.

DIRECTORS' DECLARATION

In accordance with the resolution of the Directors of Islamic Crescent Cooperative Society, the Directors have determined that the Co-Operative is not a reporting entity and for this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors of the Cooperative declare that:

- (a) the Financial statements and Notes set out in the annual report are in accordance with the Nigerian Co-operatives Societies Act 2004 (As amended) and
 - (i) Comply with relevant Accounting Standards; and
 - (ii) gives a true and fair view of the financial position as at 31st March 2020 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
- (b) There are reasonable grounds to believe that the Co-operative will be able to pay its debts if any as and when they become due and payable.

On behalf of the Board



Shefi'u Badamosi
Executive Chairman



Abdulwaasi' Ariyibi
Chief Finance Officer

Federal Capital Territory,

Abuja.
March 31, 2020