



Accountants &  
business advisers

**CRUSADERSTERLING PENSIONS LIMITED  
(RSA FUND)**

**FINANCIAL STATEMENTS  
31 DECEMBER 2014**

# CRUSADERSTERLING PENSIONS LIMITED RSA FUND

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Contents	Page
Report of the independent auditors	1
Statement of significant accounting policies	2
Statement of assets and liabilities	3
Statement of income and expenditure	4
Statement of cash flows	5
Notes to the financial statements	6
Statement of value added	10
Statement of changes in net asset value	11

**REPORT OF THE INDEPENDENT AUDITORS**

**CRUSADERSTERLING PENSIONS LIMITED RSA FUND**

We have audited the accompanying financial statements of **CrusaderSterling Pensions Limited RSA Fund**, which comprise the statement of assets and liabilities as at 31 December 2014, statement of income and expenditure, statement of cash flows, statement of value added for the year then ended and a summary of significant accounting policies, and other explanatory information.

**Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Pension Reform Act, 2004 as amended and with the requirements of Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria and applicable National Pension Commission (PenCom) guidelines and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 auditors' judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 audit opinion.

**Opinion**

In our opinion, the financial statement present fairly, in all material respects the financial position of **CrusaderSterling Pensions Limited RSA Fund** as at 31 December 2014, and of its financial performance and cash flows for the year then ended. The Company has kept proper books of account, which are in agreement with the statement of assets and liabilities and income statement in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004 and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

**Emphasis of matter**

We draw attention to the preparation of these financial statements on the basis of the Nigerian Statement of Accounting Standards as against using the International Financial Reporting Standards (IFRS) in line with the roadmap issued by Financial Reporting Council of Nigeria (FRC), on 3 September 2010, concerning other public interest entities who are expected to mandatorily adopt IFRS, for statutory reporting purpose, by 1 January 2013.

With respect to the non-compliance, there is an on-going discussion between stakeholders in the pension administration sector and Financial Reporting Council of Nigeria (FRC).

Our opinion is not qualified in respect of this matter.



**Najeeb A. Abdus-salaam**, FCA, FRC/2013/ICAN/00000000753

For: **PKF Professional Services**

**Chartered accountants**

Lagos, Nigeria.

**Date: 16 April 2015**

Tel: +234(01) 8042074 | 7734940 | 7748366

Web: [www.pkf-ng.com](http://www.pkf-ng.com)

Email: [lagos@pkf-ng.com](mailto:lagos@pkf-ng.com) | [info@pkf-ng.com](mailto:info@pkf-ng.com)

PKF House | 205A Korodu Road Obanikoro | Lagos | G.P.O. Box 2047 | Marina | Lagos, Nigeria

# CRUSADERSTERLING PENSIONS LIMITED RSA FUND

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2014

A summary of the significant accounting policies, all of which have been consistently applied throughout the year is set out below:

### 1. Basis of accounting

The financial statements are prepared under the historical cost convention. Except for financial assets, no adjustments have been made to reflect the impact on the financial statements of specific price changes or changes in general price level.

### 2. Investments

#### 2.1 Equity

Equity investments are stated at market value. Provisions are made for diminution in value of investments while appreciations are recognized in investment revaluation reserve.

#### 2.2 Money market

Investments in money market instruments are stated at cost.

#### 2.3 Bonds/debt instruments

Bonds are stated at nominal value. Any discount or premium arising on acquisition of bonds (Government Securities) included in the original cost of the investment are amortized over the period of purchase to maturity.

### 3. Foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the ruling rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the prevailing exchange rates at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to transaction date is included in the Income and Expenditure Account.

### 4. Income recognition

#### a) Investment income

Investment income is recognized on accrual basis and credited to the Income and Expenditure account of the Fund. Dividends are included as investment income on the date the right to payment is established, which, for listed shares, is the day the price is quoted ex-dividend.

#### b) Realized gains/losses on investments

Realized gains/losses are calculated as the difference between net sales proceeds and the original cost.

#### c) Unrealized gains/losses on investments

Unrealized gains/losses are calculated as the difference between current valuation at the balance sheet date and the original cost with adjustment for unrealized gains and losses recognized in earlier accounting periods in respect of assets disposed in current year.

### 5. Fund management fees

#### a) Administration fee

Administration fee is charged at rates consistent with the provisions of the Pension Reform Act, 2004 and the regulations of the National Pension Commission and deducted at source from contributions by Retirement Savings Account holders.

#### b) Asset management fee

Asset management fee is accrued on a daily basis at rates approved by the National Pensions Commission (PENCOM) on the opening net asset value each day.

### 6. Provisions

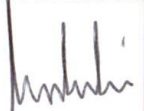
Provisions are recognized when the Company has present obligation, whether legal or constructive, as a result of past event for which it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in accordance with the Statement of Accounting Standard (SAS 23).

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2014

	Notes	2014 N'000	2013 N'000
<b>ASSETS</b>			
Cash at bank	2	1,148,191	1,013,166
Investments	3	94,708,308	82,189,891
Other assets	4	2,045,752	1,993,995
<b>TOTAL ASSETS</b>		<b>97,902,251</b>	<b>85,197,052</b>
<b>LIABILITIES</b>			
Creditors and accruals	5	746,308	1,173,931
<b>TOTAL LIABILITIES</b>		<b>746,308</b>	<b>1,173,931</b>
<b>NET ASSETS</b>		<b>97,155,943</b>	<b>84,023,121</b>
<b>FINANCED BY:</b>			
Members' contribution	6	70,614,014	62,162,063
Investment revaluation reserves	3,4	-	3,444,134
Accumulated surplus	11	26,541,929	18,416,924
		<b>97,155,943</b>	<b>84,023,121</b>
Accounting unit price		2.5877	2.4338
Rate of return		6.33%	15.00%
Three years rolling average rate of returns		11.33%	10.30%

The financial statements on pages 2 to 12 were approved by the Board of Directors on ..... 2015 and signed on its behalf by:

  
 \_\_\_\_\_  
**Wole Oshin**  
 Chairman  
 FRC/2013/CIIN/00000003054

  
 \_\_\_\_\_  
**Adeniyi Falade**  
 Managing Director  
 FRC/2013/ICAN/00000003357

  
 \_\_\_\_\_  
**Kolawole Balogun**  
 Financial Controller  
 FRC/2013/ICAN/00000003392

The statement of significant accounting policies on pages 2 and 3 and the accompanying notes on pages 7 to 10 form an integral part of these financial statements.

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 N'000	2013 N'000
<b>INCOME</b>			
Interest income	7	9,106,635	7,133,397
Dividend		540,425	472,334
Profit on disposal of investment	8	723,118	276,149
Other income	10	103,410	-
Total income		<u>10,473,588</u>	<u>7,881,880</u>
<b>EXPENSES</b>			
Fees	9	2,035,652	1,628,081
Charges and commission		899	1,894
Audit fees		1,500	1,500
Amortised premium on bond		-	82,137
Diminution in investment		310,322	-
Other expenses		210	38
Total expenses		<u>2,348,583</u>	<u>1,713,650</u>
Surplus for the year		<u>8,125,005</u>	<u>6,168,230</u>

The statement of significant accounting policies on pages 2 and 3 and the accompanying notes on pages 7 to 9 form an integral part of these financial statements.

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 N'000	2013 N'000
<b>Cash flows from operating activities</b>			
Income received		9,595,303	7,196,991
Payment for services		<u>(2,465,884)</u>	<u>(2,052,394)</u>
Net cash provided by operating activities	12	<u>7,129,419</u>	<u>5,144,597</u>
<b>Cash flows from investing activities</b>			
Purchase of investments		(44,385,609)	(31,702,113)
Proceeds from disposal of investments		<u>28,939,264</u>	<u>14,422,490</u>
Net cash provided by investing activities		<u>(15,446,345)</u>	<u>(17,279,623)</u>
<b>Cash flows from financing activities</b>			
Contribution by members	6	14,739,694	15,493,893
Benefit payment		(1,455,583)	(782,543)
Transfer of assets to retirees fund		<u>(4,832,160)</u>	<u>(3,282,659)</u>
Net cash provided by financing activities		<u>8,451,951</u>	<u>11,428,691</u>
Net increase/(decrease) in cash and cash equivalents		135,025	(706,335)
<b>Cash and cash equivalents at 1 January</b>		<u>1,013,166</u>	<u>1,719,501</u>
<b>Cash and cash equivalents at 31 December</b>	2	<u>1,148,191</u>	<u>1,013,166</u>

The statement of significant accounting policies on pages 2 and 3 and the accompanying notes on pages 7 to 10 form an integral part of these financial statements.

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. History of the fund

The fund commenced operations in July 2006. The assets of the Fund are managed by the Administrator to guarantee minimum pension payments to the contributors upon retirement in line with the Pensions Reform Act, 2004 as amended.

	2014 N'000	2013 N'000
<b>2. Cash at bank</b>	<u>1,148,191</u>	<u>1,013,166</u>
This represent the balances on the various interest bearing accounts with First Pension Custodian Nigeria Limited.		
<b>3. Investments</b>		
Term deposits	32,559,737	16,325,076
Treasury bills	37,817,884	34,421,016
Bonds (3.1)	14,495,718	20,561,718
Quoted securities (Note3.2)	9,514,686	10,633,433
Private Equity (3.3)	229,593	148,648
Real Estates Investments Trust (REIT) (Note 3.4)	90,690	100,000
	<u>94,708,308</u>	<u>82,189,891</u>
<b>3.1 Bonds</b>		
Federal government bonds	10,421,892	14,771,498
State government bonds	2,357,160	3,706,887
Corporate	1,716,666	2,083,333
	<u>14,495,718</u>	<u>20,561,718</u>
<b>3.2 Quoted securities</b>		
At 1 January	7,238,848	5,381,721
Addition during the year	3,234,303	3,136,719
Disposal during the year	(659,376)	(1,279,592)
	9,813,775	7,238,848
Revaluation (loss) / surplus (3.5)	(299,089)	3,394,585
At 31 December	<u>9,514,686</u>	<u>10,633,433</u>
<b>Market value:</b> N9.515 billion (2013: N10.6 billion).		
<b>3.3 Private equity</b>		
At 1 January	99,099	94,219
Addition during the year	132,417	10,707
Disposal during the year	-	(5,827)
	231,516	99,099
Revaluation (loss)/surplus	(1,923)	49,549
At 31 December	<u>229,593</u>	<u>148,648</u>
<b>Market value:</b> N229.6 Million (2013: N148.6 Million).		



# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	2013 N'000
<b>3.4 Revaluation surplus/(diminution) on equity Investments</b>		
At 1 January	3,444,134	429,731
Movements in market value	<u>(3,743,223)</u>	<u>2,967,854</u>
	(299,089)	3,397,585
Revaluation (loss)/gain on others (REIT and Private equities)	<u>(11,233)</u>	<u>46,549</u>
At 31 December	<u><u>(310,322)</u></u>	<u><u>3,444,134</u></u>
<b>3.5 Real Estates Investments Trust (REIT)</b>		
At 1 January	103,000	103,000
Aditions in the year	<u>-</u>	<u>-</u>
	103,000	103,000
Diminution	<u>(12,310)</u>	<u>(3,000)</u>
At 31 December	<u><u>90,690</u></u>	<u><u>100,000</u></u>
<b>Market value:</b> N90.7 Million (2013: N100Million).		
<b>4. Other assets</b>		
Interest receivable	2,033,971	1,993,837
Dividend receivable	11,781	158
	<u>2,045,752</u>	<u>1,993,995</u>
<b>4.1 Discount on bond</b>		
Total cost of bond	14,017,531	20,110,159
Total nominal value of bond	<u>(14,495,719)</u>	<u>(20,561,719)</u>
Total discount on bond	(478,188)	(451,560)
Total discount amortised	<u>418,799</u>	<u>309,701</u>
Deferred discount	<u><u>(59,389)</u></u>	<u><u>(141,859)</u></u>
Discounts are recognised in line with the appropriate accounting standard and regulatory guidelines.		
<b>5. Sundry creditors and accruals</b>		
Accrued fees and commission	184,626	304,985
Unreconciled members contributions	502,293	727,087
Deferred income - discount on bond (Note 4.1)	<u>59,389</u>	<u>141,859</u>
	<u><u>746,308</u></u>	<u><u>1,173,931</u></u>

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	2013 N'000
<b>6. Members' contribution</b>		
At 1 January	62,162,063	50,733,372
Addition during the year	14,913,147	15,616,772
Administration fees	<u>(173,453)</u>	<u>(122,879)</u>
	76,901,757	66,227,265
Less: Transfer to retirees fund account	(4,832,160)	(3,282,659)
Lumpsum payments	<u>(1,455,583)</u>	<u>(782,543)</u>
At 31 December	<u><u>70,614,014</u></u>	<u><u>62,162,063</u></u>
<p>This represents pool of fund from several account holders. In line with the National Pension Commission's Guideline (PENCOM) of January 23, 2009 that advised that separate fund be maintained for retirees, the administrator transferred net assets worth N4.83 billion (2013 : N3.283 billion) to the retiree fund account.</p>		
<b>7. Interest income</b>		
Interest on fixed securities	2,873,057	1,848,730
Interest on call	114,227	33,622
Income on treasury bill	4,732,412	3,333,428
Interest on bond	<u>1,386,939</u>	<u>1,917,617</u>
	<u><u>9,106,635</u></u>	<u><u>7,133,397</u></u>
<b>8. Profit on disposal of investment</b>		
Bonds (Note 8.1)	-	140,472
Equities (Note 8.2)	423,114	97,787
Treasury Bill (Note 8.3)	<u>300,004</u>	<u>37,890</u>
	<u><u>723,118</u></u>	<u><u>276,149</u></u>
<b>8.1 Profit on disposal of bond</b>		
Proceed of securities disposed	-	4,497,389
Cost of securities disposed	<u>-</u>	<u>(4,356,917)</u>
Loss/profit on disposal	<u><u>-</u></u>	<u><u>140,472</u></u>
<b>8.2 Profit on disposal of equities</b>		
Proceed on equities disposed	1,082,490	1,377,379
Cost of equities disposed	<u>(659,376)</u>	<u>(1,279,592)</u>
Profit on disposal of equities	<u><u>423,114</u></u>	<u><u>97,787</u></u>
<b>8.3 Profit on disposal of treasury bill</b>		
Proceed from disposal of treasury bills	27,856,774	8,547,722
Cost of treasury bills disposed	<u>(27,556,770)</u>	<u>(8,509,832)</u>
Profit on disposal of treasury bills	<u><u>300,004</u></u>	<u><u>37,890</u></u>

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	2013 N'000
<b>9. Fees</b>		
Management fees - PFA	1,523,339	1,218,341
Management fees - PFC	285,626	228,439
Management fees - PENCOM	226,687	181,301
	<u>2,035,652</u>	<u>1,628,081</u>
<b>10. Other income</b>		
Amortised premium/Discount on Bond	<u>103,410</u>	<u>-</u>
<b>11. Accumulated surplus</b>		
At 1 January	18,416,924	12,248,694
Surplus during the year	<u>8,125,005</u>	<u>6,168,230</u>
At 31 December	<u>26,541,929</u>	<u>18,416,924</u>
<b>12. Reconciliation of surplus for the year to net cash provided by operating activities</b>		
Surplus for the year	<u>8,125,005</u>	<u>6,168,230</u>
Profit on disposal of investments	(723,118)	(276,149)
Gain on valuation of investments	310,322	-
Premium/(discount) recognised in the year	(103,410)	82,137
<b>Change in operating assets/liabilities</b>		
Operating assets	(51,757)	(408,740)
Operating liabilities	<u>(427,623)</u>	<u>(420,881)</u>
Total adjustments	<u>(995,586)</u>	<u>(1,023,633)</u>
Net cash provided by operating activities	<u>7,129,419</u>	<u>5,144,597</u>
<b>13. Cash and cash equivalents</b>		
These represent the balances on the various accounts with the Fund Custodian.		
<b>14. Guarantees and other capital commitments</b>		
The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of the Financial Statements. The liabilities are relevant in assessing the Fund's state of affairs.		
<b>15. Post balance sheet event</b>		
There were no events after year end, which could have had a material impact on the financial statements.		
<b>16. Comparative figures</b>		
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year in accordance with the Statement of Accounting Standard No. 2 (SAS).		

## CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

### STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 N'000	%	2013 N'000	%
Gross income	10,473,588		7,881,880	
Administrative and other expenses:				
- Local	(312,931)		(85,569)	
- Foreign	-		-	
	<u>10,160,657</u>	<u>100</u>	<u>7,796,311</u>	<u>100</u>
<b>APPLIED AS FOLLOWS:</b>				
To pay managers, custodian and regulator:				
- Fees	2,035,652	20	1,628,081	21
To provide for growth and development:				
- Surplus for the year	<u>8,125,005</u>	<u>80</u>	<u>6,168,230</u>	<u>79</u>
	<u>10,160,657</u>	<u>100</u>	<u>7,796,311</u>	<u>100</u>

Value added is the wealth created by the efforts of the Pension Fund Administrator and its allocation between Managers, Custodians, National Pension Commission and re-investment for the creation of more wealth.

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

## STATEMENT OF CHANGES IN NET ASSET VALUE AS AT 31 DECEMBER 2014

	Note	2014 N'000	2013 N'000
<b>Income</b>			
Contributions	6	14,739,694	15,493,893
Dividend income		540,425	472,334
Interest income		9,106,635	7,133,397
Profit on disposal of investments		723,118	276,149
Investment revaluation surplus		-	2,995,559
Other income	10	103,410	-
		<u>25,213,282</u>	<u>26,371,332</u>
<b>Expenses</b>			
Fees		2,035,652	1,628,081
Charges and commission		899	1,894
Audit fees		1,500	1,500
Lumpsum payment		1,455,583	782,543
Assets transferred to retirees fund		4,832,160	3,282,659
Amortised premium on bond		-	82,137
Diminution in investment		3,754,456	-
Other expenses		210	38
		<u>12,080,460</u>	<u>5,778,852</u>
Net increase in fund		13,132,822	20,592,480
RSA fund, beginning of the year		<u>84,023,121</u>	<u>63,430,641</u>
<b>RSA Fund, end of the year</b>		<u><u>97,155,943</u></u>	<u><u>84,023,121</u></u>