



Accountants &
business advisers

**CRUSADERSTERLING PENSIONS
LIMITED**

**FINANCIAL STATEMENTS
31 DECEMBER 2012**

CRUSADERSTERLING PENSIONS LIMITED

REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR 31 DECEMBER 2012

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF CRUSADERSTERLING PENSIONS LIMITED**

We have audited the accompanying financial statements of **CrusaderSterling Pensions Limited**, which comprise the statement of financial position at 31 December 2012 and the statement of comprehensive income, statement of cash flows and statement of changes in equity 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 and International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, 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 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 misstatements.

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 judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor 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 statements present fairly, in all material respects, the financial position of **CrusaderSterling Pensions Limited** at 31 December 2012, and of their financial performance and its cash flows for the year then ended; in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, and International Financial Reporting Standards in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

The company has kept proper books of account, which are in agreement with the financial position and statement of comprehensive income as it appears from our examination of their records.

PKF Professional Services

Chartered Accountants

Lagos, Nigeria

Date: *17 April 2013*

FRC/2013/ICAN/0000000753



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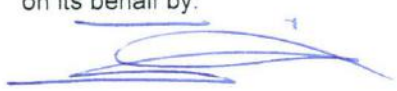
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CRUSADERSTERLING PENSIONS LIMITED


STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER, 2012

	Notes	2012 N'000	2011 N'000	2010 N'000
Assets				
Cash and cash equivalents	5	1,392,277	983,076	332,675
Other assets	6	136,858	108,324	92,225
Property, plant and equipment	7	95,886	106,460	64,151
Intangible asset	8	15,885	20,436	11,568
Deferred tax asset	12.3	-	8,118	104,661
Total assets		1,640,906	1,226,414	605,280
Liabilities				
Other payables	9	107,359	116,778	87,390
Post employment benefits	10	23	-	2,106
Current tax payable	12.2	124,109	12,050	7,637
Deferred tax liability	12.3	12,335	-	-
Total liabilities		243,826	128,828	97,133
Equity				
Ordinary share capital	14.2	1,341,206	725,875	725,875
Preference share capital	14.3	-	225,166	225,166
Deposit for shares	15	-	401,870	-
Share premium	16	13,540	4,284	4,284
Statutory contingency reserve	18	117,268	79,525	41,196
Revenue reserve		(74,934)	(339,134)	(488,374)
Shareholders fund		1,397,080	1,097,586	508,147
Total liabilities and equities		1,640,906	1,226,414	605,280

The financial statements on pages 2 to 23 were approved by the Board of Directors on **17 April 2013** and signed on its behalf by:


Olutola O. Mobolurin
 Chairman
 FRC/2013/CISN/00000003804


Adeniyi Falade
 Managing Director
 FRC/2013/ICAN/00000003357


Kolawole Balogun
 Financial Controller
 FRC/2013/ICAN/00000003392

The accompanying notes on pages 6 to 23 form an integral part of these financial statements.

CRUSADERSTERLING PENSIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 N'000	2011 N'000
Fee income	11	1,044,084	807,118
Interest income		168,982	47,553
Other income		1,798	1,396
		<u>1,214,864</u>	<u>856,067</u>
Administrative expenses		(768,801)	(537,765)
Profit before tax		<u>446,063</u>	<u>318,302</u>
Current tax expense	12.1	(123,667)	(11,673)
Deferred tax expense	12.3	<u>(20,453)</u>	<u>(96,543)</u>
Total comprehensive income		301,943	210,086
Statutory reserve	18	(37,743)	(38,329)
Preference dividend		-	(22,517)
Profit attributable to owners of equity		<u><u>264,200</u></u>	<u><u>149,240</u></u>
Basic earnings per share (EPS) Kobo	21	22.39	28.94

CRUSADERSTERLING PENSIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Issued share capital	Preference Share Capital	Deposit for shares	Share Premium	Statutory contingency reserve	Retained earnings	Total equity
At 1 January 2011	725,875	225,166	-	4,284	41,196	(488,374)	508,147
Change in equity for 2011							
Profit for the year	-	-	-	-	-	210,086	210,086
Total comprehensive income for the year	-	-	-	-	-	210,086	210,086
Statutory contingency provision for the year	-	-	-	-	38,329	(38,329)	-
Dividends paid during the year	-	-	-	-	-	(22,517)	(22,517)
Deposit for future subscription of stocks	-	-	401,870	-	-	-	401,870
Contributions by and to owners of the business	-	-	401,870	-	-	(22,517)	379,353
At 31 December 2011	725,875	225,166	401,870	4,284	79,525	(339,134)	1,097,586

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Issued share capital	Preference share capital	Deposit for shares	Share premium	Statutory contingency reserves	Retained earnings	Total equity
At 31 December 2011	725,875	225,166	401,870	4,284	79,525	(339,134)	1,097,586
Changes in equity for 2012							
Profit for the year	-	-	-	-	-	301,943	301,943
Total comprehensive income for the year	-	-	-	-	-	301,943	301,943
Issue of share capital	615,331	(225,166)	(401,870)	11,705	-	-	-
Statutory contingency provision for the year	-	-	-	-	37,743	(37,743)	-
Share issue expenses	-	-	-	(2,449)	-	-	(2,449)
Contributions by and to owners of the business	615,331	(225,166)	(401,870)	9,256	37,743	(37,743)	(2,449)
At 31 December 2012	1,341,206	-	-	13,540	117,268	(74,934)	1,397,080

CRUSADERSTERLING PENSIONS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 N'000	2011 N'000
Cash flows from operating activities			
Income received		1,016,395	790,068
Payments to employees and suppliers		(703,140)	(466,074)
Income tax paid		(11,608)	(7,260)
Value added tax		(2,519)	(9,821)
Net cash provided by operating activities	20	<u>299,128</u>	<u>306,913</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(35,674)	(72,006)
Proceeds from disposal of assets		1,290	1,079
Purchase of Intangible assets	8	(2,008)	(13,759)
Interest received		<u>168,982</u>	<u>47,553</u>
Net cash provided by/(used in) investing activities		<u>132,590</u>	<u>(37,133)</u>
Cash flows from financing activities			
Deposit for shares		-	401,870
Preference dividend		<u>(22,517)</u>	<u>(22,517)</u>
Net cash (used in)/provided by financing activities		<u>(22,517)</u>	<u>379,353</u>
Net increase in cash and cash equivalents		409,201	649,133
Cash and cash equivalents at 1 January		<u>983,076</u>	<u>333,943</u>
Cash and cash equivalents at 31 December	5	<u><u>1,392,277</u></u>	<u><u>983,076</u></u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. The Company

1.1 Legal form/Principal activities

Crusadersterling Pensions Limited was incorporated on 12 October, 2004 to carry out the business of pension fund management and administration, following the enactment of the Pension Reform Act, 2004.

2 Basis of Preparation

2.1 This financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB). Additional information required by local regulators is included where appropriate. This is the Company's first financial statements prepared in accordance with IFRSs and IFRS 1, First-time Adoption of International Financial Reporting Standards has been adopted.

An explanation on how the transition to IFRS has affected the reported financial position, financial performance and cashflow of the Company is provided in note 13.

2.2 Summary of Standards and Interpretations effective for the first time in December 2011

2.2.1 IAS 24 Related parties

The revised standard provides some exemptions for certain government related entities, clarifies the definition of a related party and includes an explicit requirement to disclose commitments to related parties. The revised standard specifically defines associates of the ultimate parent company as related parties of the entity and they have been treated as such in these financial statements.

2.2.2 IAS 1 Presentation of financial statements

This clarifies that entities may present the analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

2.3 New standards, amendments and interpretations issued but not effective and not early adopted

The accounting policies adopted are consistent with those of the previous financial year. There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

2.3.1 IFRS 13, 'Fair value measurement'

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

2.3.2 IFRS 10, 'Consolidated Financial Statements'

Builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the financial statements of the parent company. The standard revises the definition of control and provides additional guidance to assist in the determination of control where this is difficult to assess. The basic principle that an entity includes a parent and its subsidiaries as if they were a single entity and consolidation procedures remains unchanged.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2.3.3 IFRS 11, 'Joint venture'

An entity is required to determine the type of joint arrangement in which it is a party by assessing its rights and obligations. These should then be accounted for in accordance with that type of joint arrangement. The standard defines joint operations and joint ventures and requires the following treatment thereof:

- A joint operation is a joint arrangement where the parties have joint control of the arrangement (joint operators) and have rights to the assets, obligations for the liabilities of the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint
- A joint venture is a joint arrangement where the parties have joint control of the arrangement (joint venturers) and have rights to the net assets of the arrangement. Joint venturers should account for such investments on the equity method.

2.3.4 IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out requirements for disclosure of information of the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial statements.

2.3.5 IAS 27 Separate Financial Statements; IAS 28 Investments in Associates and Joint Ventures

These two existing standards have been amended in order to align them with the newly released standards. The revised IAS 27 now deals with the requirements for the preparation of separate financial statements only. The previous standard also dealt with consolidated financial statements, whose requirements are now included in IFRS 10 Consolidated Financial Statements. The standard now requires that Investments in subsidiaries, associates and jointly controlled entities be carried, either at cost or in accordance with IFRS 9.

The effective date of IFRS 10, 11 & 12 and amended IAS 27 & 28 is 1 January 2013, while early adoption is permitted. It must be noted that these should be adopted as a package of standards and none of them may be individually adopted.

2.4 Basis of measurement

The financial statements comprise of the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial assets/(liabilities) measured at fair value. The financial statements are presented in Naira, which is the Company's presentational currency.

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2.5 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. Summary of significant policies

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2011 for the purpose of the transition to IFRSs, unless otherwise indicated.

3.1 Property, plant and equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation less accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.1.1 Subsequent costs

Cost arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

3.1.2 De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

3.1.3 Depreciation of property, plant and equipment

Depreciation is calculated on a straight-line basis to write off assets over their estimated useful lives. Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated.

The estimated useful lives used are as follows:

Vehicles: 4 years

Furniture, fittings and equipment: 5 years

Office Equipment: 5 years

Computer Equipment: 4 years

Office Partitioning: 2 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. 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.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3.2 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in income statement. Intangible assets with an indefinite useful life are tested for impairment annually. Amortization periods and methods are reviewed annually and adjusted if appropriate.

3.3 Impairment of non-financial assets

The entity assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

3.4 Receivables

Trade/Other receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade receivables is recognized as it accrues.

3.5 Payables

Trade/Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.6 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

3.7 Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.8 Equity instruments

Equity instruments issued by the entity are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3.9 Compound instruments

At the issue date the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest rate method until extinguished upon conversion or at the instruments redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently re-measured.

3.10 Retirement benefits

Define contribution plan

The Company runs a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays into a separate entity a fixed contribution of 10% and 7½% contributed by the Company and staff respectively based on basic salary, housing and eating allowances. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.11 Revenue recognition

Fees and commission income

This represents administration and management fees received and receivable on members' contributions and the net asset value of funds under management respectively. All fees and commission income are recognized as services are provided.

Investment return

Investment return comprises of dividend, interest movement in amortized cost on debt securities and other loan and receivables, realized gains and losses, and unrealized gains and losses on fair value. The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortised costs as appropriate.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

3.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.12.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3.12.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/(loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss.

3.13 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.14 Foreign currency transactions

Transactions in foreign currencies are recorded in Naira at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in Income Statement in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as an adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3.15 Risk Management Framework

The principal significant risks are assessed and mitigated under three broad headings:

Strategic risks– This specifically focused on the economic environment, the products offered and market. The strategic risks arised from a Company's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability to adapt to changes in its business environment.

Operational Risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial Risks – Risk associated with the financial operation of the company, including capital management, investments, liquidity and credit.

The board of directors approves the company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align investment strategy to the corporate goals, and specify reporting requirements.

3.15.1 Strategic Risks

Capital Management Policies, Objectives and Approach

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the Company.

- To maintain the required level of financial stability thereby providing a degree of security to stakeholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the contributors, regulators and stakeholders

CrusaderSterling's operations are also subject to regulatory requirements within Nigeria in which it operates. In addition annual returns must be submitted to PENCOT on a regular basis.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis .

The Company's primary source of capital used is equity shareholders' funds.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3.15.2 Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties , including independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- training and professional development
- Ethical and business standards

3.15.3 Financial Risks

The Company has exposure to the following risks from financial instruments:

Liquidity risks
Market risks

3.15.4 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Company employs policies and procedures to mitigate the it's exposure to liquidity risk:

3.15.5 Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Naira and its financial assets are primarily denominated in the Naira and its exposure to foreign exchange risk is minimal.

3.15.6 Fair value determination

Fair value is the amount at which an asset or liability is exchanged between knowledgeable willing parties in an arms length transaction.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

The carrying values of the Company's financial assets and liabilities are a reasonable approximation of fair values as at the applicable reporting periods.

Fair values of equity securities with active markets were derived with reference with their markets prices as at the reporting period.

4. Critical judgement in applying the company's accounting policies

The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption. The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial are discussed below:

a. Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

b. Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment

	2012 N'000	2011 N'000
5. Cash and cash equivalents		
Cash in hand	112	150
Bank balance	70,969	54,496
Placements with bank	1,239,470	886,151
Deposit with custodian	81,726	42,279
	<u>1,392,277</u>	<u>983,076</u>
6. Other assets		
Staff loans and advances	150	140
Prepayments	12,472	16,078
Account receivables(Note 6.1)	124,236	92,106
	<u>136,858</u>	<u>108,324</u>
6.1 Account receivables		
Management fees receivable	111,899	81,677
Admin fees receivable	17,802	10,295
Other receivables	1,314	134
	<u>131,015</u>	<u>92,106</u>
Provision for management fees doubtful of recovery	(6,779)	-
	<u>124,236</u>	<u>92,106</u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. Property, Plant & Equipment

	Furniture and fixtures N'000	Computer equipment N'000	Office Partitioning N'000	Motor vehicles N'000	Office equipment N'000	Total N'000
Cost						
At 1 January	28,776	171,116	19,344	55,620	20,027	294,883
Additions in the year	1,851	21,080	730	10,867	1,146	35,674
Disposals	-	-	-	(1,618)	-	(1,618)
At 31 December	<u>30,627</u>	<u>192,196</u>	<u>20,074</u>	<u>64,869</u>	<u>21,173</u>	<u>328,939</u>
Depreciation						
At 1 January	22,767	112,263	17,885	23,621	11,887	188,423
Charge for the year	2,472	21,406	1,547	18,550	1,936	45,911
Disposals	-	-	-	(1,281)	-	(1,281)
	<u>25,239</u>	<u>133,669</u>	<u>19,432</u>	<u>40,890</u>	<u>13,823</u>	<u>233,053</u>
Carrying amount						
At 31 December 2012	<u>5,388</u>	<u>58,527</u>	<u>642</u>	<u>23,979</u>	<u>7,350</u>	<u>95,886</u>
At 31 December 2011	<u>6,009</u>	<u>58,853</u>	<u>1,459</u>	<u>31,999</u>	<u>8,140</u>	<u>106,460</u>

8. Intangible costs

	2012 N'000	2011 N'000
Cost		
At 1 January	26,398	26,398
Additions in the year	2,008	-
At 31 December	<u>28,406</u>	<u>26,398</u>
Amortisation		
At 1 January	5,962	1,071
Charge for the year	6,559	4,891
	<u>12,521</u>	<u>5,962</u>
Carrying amount		
At 31 December 2012	<u>15,885</u>	<u>20,436</u>

9. Other Payables

Sundry creditors	8,879	28,505
Accruals	84,389	51,994
Value added tax (9.1)	9,583	7,065
Information technology levy (9.2)	4,508	6,697
Preference dividend	-	22,517
	<u>107,359</u>	<u>116,778</u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 N'000	2011 N'000
9.1 Value added tax		
At 1 January	7,065	16,886
VAT input	-	-
VAT out put	52,625	41,834
Remittances	(50,107)	(51,655)
At 31 December	<u>9,583</u>	<u>7,065</u>
9.2 Information technology development levy		
At 1 January	6,697	3,479
Provisions in the year	4,508	3,218
Payment in the year	(6,697)	-
At 31 December	<u>4,508</u>	<u>6,697</u>
<p>Section 12 (2a) of the the Nigerian Information Technology Development Agency (NITDA) Act which was signed into law on 24 April 2007 stipulates that, specified companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.</p>		
10. Post employment benefits		
Defined contribution plan		
At the beginning of the year	-	2,106
Provisions in the year	40,459	30,223
Remittance during the year	(40,436)	(32,329)
At the end of the year	<u>23</u>	<u>-</u>
11. Fee income		
Management fees - RSA	846,520	606,515
Management fees - Retirees	24,571	14,996
	<u>871,091</u>	<u>621,511</u>
Management fees - Legacy Companies:		
Securities and Exchange Commission	5,609	10,284
First Bank Nigeria Plc	2,612	2,272
Crusader Insurance Plc	3,281	2,823
GT Bank Plc	7,774	4,966
Nigerian Port Plc	-	3,005
Federal Airport Authority	487	192
Intercontinental Bank	9,166	3,190
Total management fees	<u>900,020</u>	<u>648,243</u>
Administrative fees - RSA	143,568	158,205
Administrative fees - Retirees	496	670
Total fee income	<u>1,044,084</u>	<u>807,118</u>

Fee income are approved and reviewed from time to time by the National Pension Commission(PENCOM).

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 N'000	2011 N'000
12. TAXATION		
12.1 Income statement		
Income tax for the year	113,336	4,567
Education tax for the year	10,331	7,106
	<u>123,667</u>	<u>11,673</u>
Deferred tax for the year (12.3)	20,453	96,543
	<u>144,120</u>	<u>108,216</u>
<p>The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 as amended. The charge for education tax is based on the provisions of the Education Tax Act, CAP E4 LFN 2004.</p> <p>Also, in line with the provision of section 12 (2a) of the Nigeria Information Technology Development Agency (NITDA) Act 2007, the Company has made a provision of 1% on its profit before tax for the year.</p>		
12.2 Statement of financial position		
At 1 January	12,050	7,637
Income tax for the year	113,336	4,567
Education tax for the year	10,331	7,106
Payment during the year	(11,608)	(7,260)
At 31 December	<u>124,109</u>	<u>12,050</u>
12.3 Deferred tax assets		
Recognised deferred tax assets and liabilities		
At 1 January	8,118	104,661
Tax loss recognised in the year	(20,453)	(96,543)
At 31 December	<u>(12,335)</u>	<u>8,118</u>
<p>The Company has adopted the International Accounting Standard (IAS 12) - Income Taxes on Deferred Taxation, which is computed using the liability method.</p>		
12.4 Reconciliation of effective tax rate		
Profit for the period after tax	<u>301,943</u>	<u>210,086</u>
Total income tax expense:		
Current	123,667	11,673
Deferred	20,453	96,543
IT levy	4,508	3,218
	<u>148,628</u>	<u>111,434</u>
Profit for the period before excluding income tax	<u>450,571</u>	<u>321,520</u>
Effective tax rate	33%	35%

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Explanation of transition to IFRSs

These are the Company's first financial statements prepared in accordance with IFRSs.

The accounting policies have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of an opening IFRS statement of financial position at 1 January 2010 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Nigerian GAAP. An explanation of how the transition from previous GAAP to IFRSs has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

13.1 Reconciliation of equity

	Note	31/12/2011			31/12/2010		
		Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000	Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Assets							
Cash and cash equivalents	A	971,252	11,824	983,076	322,119	10,556	332,675
Other assets	A,B	120,242	(11,918)	108,324	102,875	(10,650)	92,225
Property, plant and equipment	C	126,896	(20,436)	106,460	75,719	(11,568)	64,151
Intangible asset	C	-	20,436	20,436	-	11,568	11,568
Deferred tax asset	D	-	8,118	8,118	-	104,661	104,661
		<u>1,218,390</u>	<u>8,024</u>	<u>1,226,414</u>	<u>500,713</u>	<u>104,567</u>	<u>605,280</u>
Liabilities							
Other payables		116,778	-	116,778	87,390	-	87,390
Deposit for shares		401,870	(401,870)	-	-	-	-
Post employment benefits - defined contribution		-	-	-	2,106	-	2,106
Current tax payable		12,050	-	12,050	7,637	-	7,637
Deferred tax liabilities		-	-	-	-	-	-
Total Liabilities		<u>530,698</u>	<u>(401,870)</u>	<u>128,828</u>	<u>97,133</u>	<u>-</u>	<u>97,133</u>
EQUITY							
Ordinary share capital		725,875	-	725,875	725,875	-	725,875
Preference share capital		225,166	-	225,166	225,166	-	225,166
Deposit for shares	E	-	401,870	401,870	-	-	-
Share premium		4,284	-	4,284	4,284	-	4,284
Statutory contingency reserve		79,525	-	79,525	41,196	-	41,196
Revenue reserve	D	(347,158)	8,024	(339,134)	(592,941)	104,567	(488,374)
Shareholders fund		<u>687,692</u>	<u>409,894</u>	<u>1,097,586</u>	<u>403,580</u>	<u>104,567</u>	<u>508,147</u>
Total liabilities and equities		<u>1,218,390</u>	<u>8,024</u>	<u>1,226,414</u>	<u>500,713</u>	<u>104,567</u>	<u>605,280</u>

13.2 Reconciliation of Profit

	Note	31-12-2011		
		Previous GAAP N'000	Effect of transition to IFRSs N'000	IFRSs N'000
Fee income		807,118	-	807,118
Interest income		47,553	-	47,553
Other income		1,396	-	1,396
		<u>856,067</u>		<u>856,067</u>
Administrative expenses		(537,768)	-	(537,765)
Profit before tax		<u>318,299</u>		<u>318,302</u>
Information technology levy		-	-	-
Current tax expense		(11,674)	-	(11,673)
Deferred tax expense	D	-	(96,543)	(96,543)
Profit after tax		<u>306,625</u>	<u>(96,543)</u>	<u>210,086</u>
Other Comprehensive Income				
Statutory reserve		(38,329)	-	(38,329)
Preference dividend		(22,517)	-	(22,517)
Total Other Comprehensive Income		<u>(60,845)</u>		<u>(60,846)</u>
Total Comprehensive Income	D	<u>245,780</u>	<u>(96,543)</u>	<u>149,240</u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13.3 Index to the notes on reconciliations

A Reclassification of interest receivable on placements

Under IFRS the interest receivable form part of the carrying value of the instrument. Hence, the reclassification of the interest receivable to the instrument to which they relates.

B Bad and doubtful loans written off

Doubtful loan written off against retained earnings as irrecoverable.

C Separate recognition of line items in line with IAS 1

IAS 1 requires certain items to be recognised on the face of the financial statements. Under previous GAAP, computer software was shown under Fixed Assets. This has been reclassified accordingly under Intangible Assets as a separate line item in IFRS.

D Recognition of deferred tax asset

Deferred tax asset not recognised previously on the face of the financial statements now recognised, and movement between the two years recognised as tax expense in the income statement.

E Reclassification of deposit for shares

Under IFRS, a basis of preparation and presentation of financial statements is the principle of economic substance over legal form, therefore deposit for shares previously classified as liability is now recognised as equity as it will ultimately lead to the issuance of shares.

13.4 Exemptions applied under IFRS 1

Fair value or revaluation amount as deemed cost

The company has chosen to carry forward it's items of Property, Plant & Equipment and Intangible Assets at their previous GAAP amounts as these values were not materially different from their current fair values.

	2012 N'000	2011 N'000
14. Share capital		
14.1 Authorised		
1,600,000,000 ordinary shares of N1.00 each	<u>1,600,000</u>	<u>1,200,000</u>
14.2 Issued and fully paid:		
1,341,206,000 ordinary shares of N1 each		
At 1 January	725,875	725,875
Issued and paid in the the year	615,331	-
At 31 December	<u>1,341,206</u>	<u>725,875</u>
14.3 Preference shares		
225,166,425 preference shares of N1 each:		
At 1 January	225,166	225,166
Converted to ordinary share	(225,166)	-
At 31 December	<u>-</u>	<u>225,166</u>
15. Deposit for Shares		
At 1 January	401,870	-
Additions in the year	-	401,870
Allotment of shares	(401,870)	-
At 31 December	<u>-</u>	<u>401,870</u>

This represents deposit for shares by interested shareholders.

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 N'000	2011 N'000
16. Share premium		
At 1 January	4,284	4,284
Addition in the year	9,256	-
At 31 December	<u>13,540</u>	<u>4,284</u>
17. Profit on ordinary activities before taxation		
This is stated after charging/(crediting):		
Audit fee	2,400	2,400
Directors' fees	2,975	500
Finance charges	1,603	336
Depreciation	45,911	34,590
Amortisation of intangible assets	6,559	4,890
Loss/(gain) on foreign exchange	213	(42)
Gain on fixed assets disposed	(953)	(1,079)
Pension contributions (company)	<u>21,345</u>	<u>17,822</u>
18. Statutory contingency reserve		
Balance at 1 January	79,525	41,196
Additions in the year	<u>37,743</u>	<u>38,329</u>
Balance at 31 December	<u>117,268</u>	<u>79,525</u>
In accordance with part viii section 69 of the Pension Reform Act 2004, the Company transferred 12.5% of its net profit after tax to statutory reserve		
19. Information regarding Directors and employees		
.a) Directors:		
Fees	2,975	500
Other emoluments - remuneration	<u>31,691</u>	<u>28,810</u>
Remuneration of the chairman	-	-
Remuneration of the highest paid director	<u>31,691</u>	<u>28,810</u>
	Number	Number
.b) Scale of Directors' remuneration		
N		
190000 - 200000	-	-
200001 and above	<u>1</u>	<u>1</u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. Information regarding Directors and employees...

	2012 Number	2011 Number
c) Average number of persons employed (including Directors)		
Directorate	2	2
Information technology	4	3
Business development	44	51
Operations	15	9
Finance	11	5
Investment	3	4
Compliance/customer services	5	5
Internal control	4	2
Human resources/admin	2	7
Benefit	7	4
	<u>97</u>	<u>92</u>
	N'000	N'000
d) Total employee cost for the above during the year		
Salaries and wages	338,377	266,732
Pension cost	21,345	17,822
	<u>359,722</u>	<u>284,554</u>
	Number	Number
e) Highest paid employees		
N		
100001 - 250000	-	-
250001 - and above	97	92

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 N'000	2011 N'000
Net changes in operating assets		
Increase in other assets	<u>(28,534)</u>	<u>(17,367)</u>
Net changes in operating liabilities		
Increase in creditors and accruals	12,954	19,567
Staff pension fund	<u>23</u>	<u>(2,106)</u>
	<u>12,977</u>	<u>17,461</u>
20. Reconciliation of net profit after tax to net cash provided by operating activities		
Profit after taxation	<u>301,943</u>	<u>210,086</u>
Adjustment to reconcile profit after tax to net cash provided by operating activities:		
Interest received	(168,982)	(47,553)
Profit on disposal of assets	(953)	(1,079)
Exchange loss/(gain)	213	(42)
Depreciation	45,911	29,700
Amortisation of intangible assets	6,559	4,890
VAT	(2,519)	9,821
Deferred taxation	20,454	96,543
Increase in taxes payable	112,059	4,413
Operating profit before changes in operating assets and liabilities		
Net changes in operating assets	(28,534)	(17,329)
Net changes in operating liabilities	<u>12,977</u>	<u>17,461</u>
Total adjustments	<u>(2,815)</u>	<u>96,827</u>
Net cash provided by operating activities	<u>299,128</u>	<u>306,913</u>

CRUSADERSTERLING PENSIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2011 N'000	2011 N'000
21. Basic earnings per share		
Earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by number of ordinary shares in issue during the year.		
Profit after tax for the year attributable to ordinary shareholders	301,943	210,086
Preference dividend	-	(22,517)
	<u>301,943</u>	<u>187,569</u>
Number of ordinary shares	<u>1,341,206</u>	<u>725,875</u>
Earnings per share (kobo)	<u>22.51</u>	<u>25.84</u>

22. Capital commitments

There were no capital commitments at 31 December 2012.

23. Contingent liabilities

There were no contingent liabilities at 31 December 2012.

24. Comparative figures

Certain figures in 2011 financial statements were re-classified to conform with 2012 presentation and enhance comparability.

25. Post balance sheet events - Events after reporting period

There were no significant post balance sheet events that could have had a material effect on the results to 31 December 2012 or the balance sheet to that date which have not been adequately provided for.

CRUSADERSTERLING PENSIONS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	MANAGEMENT INFORMATION	
	2012 N'000	2011 N'000
Fee income	1,044,084	807,118
Interest income	168,982	47,553
Profit on disposal of assets	953	1,079
Exchange gain	-	42
Other Income	845	275
	<u>1,214,864</u>	<u>856,067</u>
Staff cost	338,377	266,732
Audit fees	2,400	2,400
Directors' fees	2,975	500
Directors' sitting allowance	2,900	2,328
Directors' rest and recreation	14,750	-
Entertainment	3,330	4,099
Telephone and postages	19,857	14,605
Repairs and maintenance	12,071	8,248
Insurance	7,870	8,124
Office expenses	4,966	5,519
Depreciation	45,910	29,700
Amortization of intangible assets	6,559	4,891
Travelling and transport	17,759	13,881
Stationery and printing	15,019	12,359
Legal and professional fee	10,648	3,857
Pension contribution	21,345	17,822
Advert and publicity	69,253	24,007
Donations and subscription	24,220	15,074
Bank charges	1,603	336
Rent and rates	13,441	12,028
Sales and marketing	33,239	20,740
Electricity	1,687	2,258
Fuel	19,029	13,653
Staff welfare and training	9,165	10,177
Medical expenses	8,677	7,111
Provision for doubtful balances - management fees	6,779	-
Exchange loss	213	-
Productivity bonus	44,553	32,157
Information technology levy	4,508	3,218
Fines and Penalty	1,102	-
LASPEC Admin Fees	4,596	1,941
	<u>768,801</u>	<u>537,765</u>
Profit before tax	<u>446,063</u>	<u>318,302</u>