

# CRUSADERSTERLING PENSIONS LIMITED RSA FUND

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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**REPORT OF THE INDEPENDENT AUDITORS**

We have audited the accompanying financial statements of **CrusaderSterling Pensions Limited RSA Fund**, set out on pages 2 to 11 which comprise the statement of assets and liabilities as at 31 December 2012, the 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, 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 2012, 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.

*PKF Professional Services*  
**Chartered Accountants**  
Lagos, Nigeria

Date: *17 April 2013*  
*FRC/2013/ICA/0000000753*  
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# CRUSADERSTERLING PENSIONS LIMITED RSA FUND

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2012

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.

# CRUSADERSTERLING PENSIONS LIMITED RSA FUND

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2012

### 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 2012

	Notes	2012 N'000	2011 N'000
<b>ASSETS</b>			
Cash at bank	2	1,719,501	730,715
Investments	3	61,720,697	43,882,104
Other assets	4	1,585,255	830,667
<b>TOTAL ASSETS</b>		<b>65,025,453</b>	<b>45,443,486</b>
<b>LIABILITIES</b>			
Sundry creditors and accruals	5	1,594,812	1,140,863
<b>TOTAL LIABILITIES</b>		<b>1,594,812</b>	<b>1,140,863</b>
<b>NET ASSETS</b>		<b>63,430,641</b>	<b>44,302,623</b>
<b>FINANCED BY:</b>			
Members' contribution	6	50,733,372	38,084,411
Investment revaluation reserves	3.4	448,575	-
Accumulated surplus	11	12,248,694	6,218,212
		<b>63,430,641</b>	<b>44,302,623</b>
Accounting unit price		2.1163	1.8784
Rate of return		12.67%	3.64%
Three years rolling average rate of returns		9.98%	10.13%

The financial statements on pages 2 to 10 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 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 INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 N'000	2011 N'000
<b>INCOME</b>			
Interest income	7	5,549,889	2,868,449
Dividend		192,616	168,758
Profit on disposal of investment	8	284,574	106,814
Discount on bond		130,484	169,949
Other income	10	<u>1,060,957</u>	<u>1,140</u>
Total income		<u>7,218,520</u>	<u>3,315,110</u>
<b>EXPENSES</b>			
Fees	9	1,185,790	851,016
Charges and commission		685	104
Audit fees		1,000	1,000
Diminution in investment	3.3	-	1,060,957
Other expenses		<u>563</u>	<u>-</u>
		<u>1,188,038</u>	<u>1,913,077</u>
Surplus for the year		<u><u>6,030,482</u></u>	<u><u>1,402,033</u></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 2012

	Notes	2012 N'000	2011 N'000
<b>Cash flows from operating activities</b>			
Income received		4,987,917	2,612,220
Payment for services		(734,089)	(1,001,732)
Net Cash provided by operating activities	12	<u>4,253,828</u>	<u>1,610,488</u>
<b>Cash flows from investing activities</b>			
Purchase of investments		(68,753,701)	(16,282,924)
Proceeds from disposal of investments		52,839,698	3,216,499
Net cash provided by investing activities		<u>(15,914,003)</u>	<u>(13,066,425)</u>
<b>Cash flows from financing activities</b>			
Contribution by members	6	16,864,643	11,652,314
Lumpsum payment		(483,968)	(519,421)
Transfer of assets to retirees fund		(3,731,714)	(302,355)
Net cash provided by financing activities		<u>12,648,961</u>	<u>10,830,538</u>
Net increase/(decrease) in cash and cash equivalents		988,786	(625,399)
<b>Cash and cash equivalents at 1 January</b>		<u>730,715</u>	<u>1,356,114</u>
<b>Cash and cash equivalents at 31 December</b>	2	<u><u>1,719,501</u></u>	<u><u>730,715</u></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 2012

### 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.

	2012 N'000	2011 N'000
2. Cash at bank	<u>1,719,501</u>	<u>730,715</u>
These represent the balances on the various interest bearing accounts with First Pension Custodian Nigeria Limited.		
3. Investments		
Term deposits	17,278,050	7,888,586
Treasury bills	13,477,888	5,774,096
Bonds (3.1)	24,940,244	25,987,059
Quoted securities (Note3.2)	5,811,452	4,132,363
Private Equity (3.4)	113,063	-
Real Estates Investments Trust (REIT) (Note 3.5)	100,000	100,000
	<u>61,720,697</u>	<u>43,882,104</u>
3.1 Bonds		
Federal government bonds	20,051,435	21,566,822
State government bonds	2,688,809	2,220,237
Corporate	2,200,000	2,200,000
	<u>24,940,244</u>	<u>25,987,059</u>
3.2 Quoted securities		
At 1 January	5,193,320	4,098,895
Addition during the year	325,796	1,094,425
Disposal during the year	(137,395)	-
	<u>5,381,721</u>	<u>5,193,320</u>
Diminution	-	(1,060,957)
Revaluation surplus (3.4)	429,731	-
At 31 December	<u>5,811,452</u>	<u>4,132,363</u>
3.3 Private equity		
At 1 January	-	-
Addition during the year	94,219	-
Revaluation surplus (3.4)	18,844	-
At 31 December	<u>113,063</u>	<u>-</u>
3.4 (Diminution)/Investment revaluation surplus		
At 1 January	(1,060,957)	125,811
Movements in market value - Quoted securities	1,490,688	(1,186,768)
	<u>429,731</u>	<u>(1,060,957)</u>
Revaluation surplus - Private equity	18,844	-
At 31 December	<u>448,575</u>	<u>(1,060,957)</u>
3.5 Real Estates Investments Trust (REIT)		
Balance transferred from deposit for shares	100,000	100,000
Diminution	-	-
	<u>100,000</u>	<u>100,000</u>
4. Other assets		
Deposit for shares in quoted companies	-	-
Interest receivable	1,583,722	824,158
Dividend receivable	1,533	6,509
	<u>1,585,255</u>	<u>830,667</u>



# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

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

	2012 N'000	2011 N'000
<b>4.1 Discount on bond</b>		
Total cost of bond	24,218,829	25,225,555
Total nominal value of bond	<u>(24,940,244)</u>	<u>(25,987,059)</u>
Total discount on bond	(721,415)	(761,504)
Total discount amortised	391,838	261,354
Deferred discount	<u>(329,577)</u>	<u>(500,150)</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	118,610	94,908
Unreconciled members contributions	1,146,626	545,806
Deferred income - discount on bond (Note 4.1)	329,576	500,149
	<u>1,594,812</u>	<u>1,140,863</u>
<b>6. Members' contribution</b>		
At 1 January	38,084,411	27,253,873
Addition during the year	17,015,390	11,818,542
Administration fees	<u>(150,747)</u>	<u>(166,228)</u>
	54,949,054	38,906,187
Less :Transfer to retirees fund account	<u>(3,731,714)</u>	<u>(302,355)</u>
: Lumpsum payments	<u>(483,968)</u>	<u>(519,421)</u>
At 31 December	<u>50,733,372</u>	<u>38,084,411</u>
This represents pool of fund from several account holders.		
<b>7. Interest income</b>		
Interest on fixed securities	1,214,719	1,013,265
Interest on call	36,716	27,427
Income on treasury bill	2,292,409	180,777
Interest on bond	<u>2,006,045</u>	<u>1,646,980</u>
	<u>5,549,889</u>	<u>2,868,449</u>
<b>8. Profit on disposal of investment</b>		
Bonds (Note 8.1)	(46,895)	106,814
Equities (Note 8.2)	63,887	-
Treasury Bill (Note 8.3)	<u>267,582</u>	<u>-</u>
	<u>284,574</u>	<u>106,814</u>
<b>8.1 Profit on disposal of bond</b>		
Proceed of securities disposed	6,145,115	3,216,499
Cost of securities disposed	<u>(6,192,010)</u>	<u>(3,109,685)</u>
Loss/profit on disposal	<u>(46,895)</u>	<u>106,814</u>
<b>8.2 Profit on disposal of equities</b>		
Proceed on equities disposed	201,282	-
Cost of equities disposed	<u>(137,395)</u>	<u>-</u>
Profit on disposal of equities	<u>63,887</u>	<u>-</u>
<b>8.3 Profit on disposal of treasury bill</b>		
Proceed from disposal of treasury bills	46,493,301	-
Cost of treasury bills disposed	<u>(46,225,719)</u>	<u>-</u>
Profit on disposal of treasury bills	<u>267,582</u>	<u>-</u>

# CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

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

	2012 N'000	2011 N'000
<b>9. Fees</b>		
Management fees - PFA	887,786	636,840
Management fees - PFC	165,893	119,408
Management fees - PENCOM	132,111	94,768
	<u>1,185,790</u>	<u>851,016</u>
<b>10. Other income</b>		
Provision no longer required	<u>1,060,957</u>	<u>1,140</u>
This represent write-back on provision for diminution on equity investments		
<b>11 Accumulated surplus</b>		
At 1 January	6,218,212	4,816,178
Surplus during the year	<u>6,030,482</u>	<u>1,402,034</u>
At 31 December	<u>12,248,694</u>	<u>6,218,212</u>
<b>12. Reconciliation of surplus for the year to net cash provided by operating activities</b>		
Surplus for the year	<u>6,030,482</u>	<u>1,402,034</u>
Profit on disposal of investments	(284,574)	(106,814)
(Gain)/diminution on investments	(1,060,957)	1,060,957
Discount recognised in the year	(130,484)	(169,949)
<b>Change in operating assets/liabilities</b>		
Operating assets	(754,588)	(426,126)
Operating liabilities	453,949	(149,612)
Total adjustments	<u>(1,776,654)</u>	<u>208,456</u>
Net cash provided by operating activities	<u>4,253,828</u>	<u>1,610,490</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 2012

	2012 N'000	%	2011 N'000	%
Gross income	7,218,520		3,315,110	
Administrative and other expenses - Local	(2,248)		(1,062,060)	
- Foreign	-		-	
	<u>7,216,272</u>	<u>100</u>	<u>2,253,050</u>	<u>100</u>
<b>APPLIED AS FOLLOWS:</b>				
<b>To pay managers, custodian and regulator:</b>				
- Fees	1,185,790	16	851,016	38
<b>To provide for growth and development:</b>				
- Surplus for the year	<u>6,030,482</u>	<u>84</u>	<u>1,402,034</u>	<u>62</u>
	<u>7,216,272</u>	<u>100</u>	<u>2,253,050</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 2012

	Note	2012 N'000	2011 N'000
<b>Income</b>			
Contributions	6	16,864,643	11,652,315
Dividend income		192,616	168,758
Interest income		5,549,889	2,868,449
Profit on disposal of investments		284,574	106,814
Discount on bond		130,484	169,949
Investment revaluation surplus		448,575	-
Other income	10	1,060,957	1,140
		<u>24,531,738</u>	<u>14,967,425</u>
<b>Expenses</b>			
Fees		1,185,790	851,016
Charges and commission		685	104
Diminution in investment		-	1,186,768
Audit fees		1,000	1,000
Lumpsum payment		483,968	519,421
Assets transferred to retirees fund		3,731,714	302,355
Other expenses		563	-
		<u>5,403,720</u>	<u>2,860,664</u>
Net increase in fund		19,128,018	12,106,761
RSA Fund, beginning of the year		44,302,623	32,195,862
<b>RSA Fund, end of the year</b>		<u><u>63,430,641</u></u>	<u><u>44,302,623</u></u>