



Accountants &
business advisers

**CRUSADERSTERLING PENSIONS
LIMITED
(RSA FUND)**

**FINANCIAL STATEMENTS
31 DECEMBER 2013**

CRUSADERSTERLING PENSIONS LIMITED RSA FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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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 12 which comprise the statement of assets and liabilities as at 31 December 2013, 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' 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.

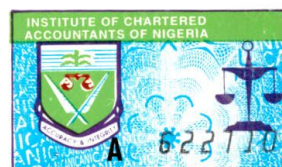
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2013, 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.



Najeeb A. Abdus-salaam, FCA, FRC/2013/ICAN/0000000753
 For: **PKF Professional Services**
Chartered Accountants
 Lagos, Nigeria



Date: *24 April 2014*

CRUSADERSTERLING PENSIONS LIMITED RSA FUND

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

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

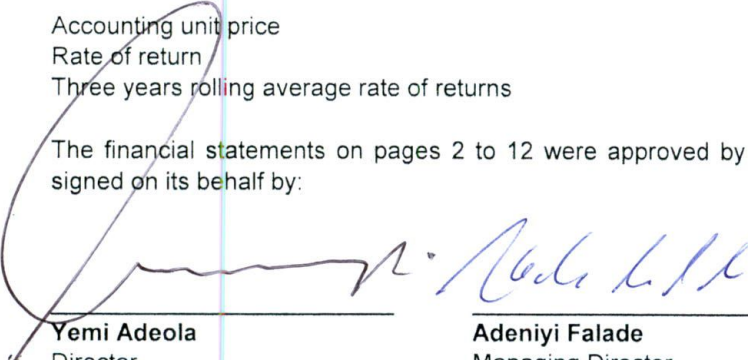
Provisions are recognized when the Company has present obligation, whether legal or constructive, as a result of past event for which it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation in accordance with the Statement of Accounting Standard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

CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2013

	Notes	2013 N'000	2012 N'000
ASSETS			
Cash at bank	2	1,013,166	1,719,501
Investments	3	82,189,891	61,720,697
Other assets	4	1,993,995	1,585,255
TOTAL ASSETS		85,197,052	65,025,453
LIABILITIES			
Creditors and accruals	5	1,173,931	1,594,812
TOTAL LIABILITIES		1,173,931	1,594,812
NET ASSETS		84,023,121	63,430,641
FINANCED BY:			
Members' contribution	6	62,162,063	50,733,372
Investment revaluation reserves	3.4	3,444,134	448,575
Accumulated surplus	11	18,416,924	12,248,694
		84,023,121	63,430,641
Accounting unit price		2.4338	2.1163
Rate of return		15.00%	12.67%
Three years rolling average rate of returns		10.30%	9.84%

The financial statements on pages 2 to 12 were approved by the Board of Directors on **24 April 2014** and signed on its behalf by:


Yemi Adeola
 Director
 FRC/2013/CIBN/00000001257


Adeniyi Falade
 Managing Director
 FRC/2013/ICAN/00000003357


Abayomi Ajayi
 Financial Controller
 FRC/2013/ICAN/00000004061

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 2013

	Notes	2013 N'000	2012 N'000
INCOME			
Interest income	7	7,133,397	5,549,889
Dividend		472,334	192,616
Profit on disposal of investment	8	276,149	284,574
Discount on bond		-	130,484
Other income	10	-	1,060,957
Total income		<u>7,881,880</u>	<u>7,218,520</u>
EXPENSES			
Fees	9	1,628,081	1,185,790
Charges and commission		1,894	685
Audit fees		1,500	1,000
Amortised premium on bond		82,137	-
Other expenses		38	563
		<u>1,713,650</u>	<u>1,188,038</u>
Surplus for the year		<u>6,168,230</u>	<u>6,030,482</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 2013

	Notes	2013 N'000	2012 N'000
Cash flows from operating activities			
Income received		7,196,991	4,987,917
Payment for services		<u>(2,052,394)</u>	<u>(734,089)</u>
Net cash provided by operating activities	12	<u>5,144,597</u>	<u>4,253,828</u>
Cash flows from investing activities			
Purchase of investments		<u>(31,702,113)</u>	<u>(68,753,701)</u>
Proceeds from disposal of investments		<u>14,422,490</u>	<u>52,839,698</u>
Net cash provided by investing activities		<u>(17,279,623)</u>	<u>(15,914,003)</u>
Cash flows from financing activities			
Contribution by members	6	15,493,893	16,864,643
Lumpsum payment		<u>(782,543)</u>	<u>(483,968)</u>
Transfer of assets to retirees fund		<u>(3,282,659)</u>	<u>(3,731,714)</u>
Net cash provided by financing activities		<u>11,428,690</u>	<u>12,648,961</u>
Net increase/(decrease) in cash and cash equivalents		<u>(706,335)</u>	<u>988,786</u>
Cash and cash equivalents at 1 January		<u>1,719,501</u>	<u>730,715</u>
Cash and cash equivalents at 31 December	2	<u>1,013,166</u>	<u>1,719,501</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 2013

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.

	2013 N'000	2012 N'000
2. Cash at bank	<u>1,013,166</u>	<u>1,719,501</u>
These represent the balances on the various interest bearing accounts with First Pension Custodian Nigeria Limited.		
3. Investments		
Term deposits	16,325,076	17,278,050
Treasury bills	34,421,016	13,477,888
Bonds (3.1)	20,561,718	24,940,244
Quoted securities (Note 3.2)	10,633,433	5,811,452
Private Equity (3.3)	148,648	113,063
Real Estates Investments Trust (REIT) (Note 3.5)	<u>100,000</u>	<u>100,000</u>
	<u>82,189,891</u>	<u>61,720,697</u>
3.1 Bonds		
Federal government bonds	14,771,498	20,051,435
State government bonds	3,706,887	2,688,809
Corporate	<u>2,083,333</u>	<u>2,200,000</u>
	<u>20,561,718</u>	<u>24,940,244</u>
3.2 Quoted securities		
At 1 January	5,381,721	5,193,320
Addition during the year	3,136,719	325,796
Disposal during the year	<u>(1,279,592)</u>	<u>(137,395)</u>
	7,238,848	5,381,721
Revaluation surplus (3.4)	<u>3,394,585</u>	<u>429,731</u>
At 31 December	<u>10,633,433</u>	<u>5,811,452</u>
3.3 Private equity		
At 1 January	94,219	-
Addition during the year	10,707	94,219
Disposal during the year	<u>(5,827)</u>	<u>-</u>
	99,099	94,219
Revaluation surplus (3.4)	<u>49,549</u>	<u>18,844</u>
At 31 December	<u>148,648</u>	<u>113,063</u>

CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 N'000	2012 N'000
3.4 Revaluation surplus/(Diminution) on Investments		
At 1 January	429,731	(1,060,957)
Movements in market value - Quoted securities	<u>2,964,854</u>	<u>1,490,688</u>
	3,394,585	429,731
Revaluation surplus - Private equity	<u>49,549</u>	<u>18,844</u>
At 31 December	<u><u>3,444,134</u></u>	<u><u>448,575</u></u>
3.5 Real Estates Investments Trust (REIT)		
At 31 December	<u><u>100,000</u></u>	<u><u>100,000</u></u>
4. Other assets		
Interest receivable	1,993,837	1,583,722
Dividend receivable	<u>158</u>	<u>1,533</u>
	<u><u>1,993,995</u></u>	<u><u>1,585,255</u></u>
4.1 Discount on bond		
Total cost of bond	20,110,159	24,218,829
Total nominal value of bond	<u>(20,561,719)</u>	<u>(24,940,244)</u>
Total discount on bond	(451,560)	(721,415)
Total discount amortised	<u>309,701</u>	<u>391,838</u>
Deferred discount	<u><u>(141,859)</u></u>	<u><u>(329,577)</u></u>
Discounts are recognised in line with the appropriate accounting standard and regulatory guidelines.		
5. Sundry creditors and accruals		
Accrued fees and commission	304,985	118,610
Unreconciled members contributions	727,087	1,146,626
Deferred income - discount on bond (Note 4.1)	<u>141,859</u>	<u>329,576</u>
	<u><u>1,173,931</u></u>	<u><u>1,594,812</u></u>
6. Members' contribution		
At 1 January	50,733,372	38,084,411
Addition during the year	15,616,772	17,015,390
Administration fees	<u>(122,879)</u>	<u>(150,747)</u>
	66,227,265	54,949,054
Less: Transfer to retirees fund account	(3,282,659)	(3,731,714)
Lumpsum payments	<u>(782,543)</u>	<u>(483,968)</u>
At 31 December	<u><u>62,162,063</u></u>	<u><u>50,733,372</u></u>

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 N3.283 billion to retiree fund account.

CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 N'000	2012 N'000
7. Interest income		
Interest on fixed securities	1,848,730	1,214,719
Interest on call	33,622	36,716
Income on treasury bill	3,333,428	2,292,409
Interest on bond	<u>1,917,617</u>	<u>2,006,045</u>
	<u><u>7,133,397</u></u>	<u><u>5,549,889</u></u>
8. Profit on disposal of investment		
Bonds (Note 8.1)	140,472	(46,895)
Equities (Note 8.2)	97,787	63,887
Treasury Bill (Note 8.3)	<u>37,890</u>	<u>267,582</u>
	<u><u>276,149</u></u>	<u><u>284,574</u></u>
8.1 Profit on disposal of bond		
Proceed of securities disposed	4,497,389	6,145,115
Cost of securities disposed	<u>(4,356,917)</u>	<u>(6,192,010)</u>
Loss/profit on disposal	<u><u>140,472</u></u>	<u><u>(46,895)</u></u>
8.2 Profit on disposal of equities		
Proceed on equities disposed	1,377,379	201,282
Cost of equities disposed	<u>(1,279,592)</u>	<u>(137,395)</u>
Profit on disposal of equities	<u><u>97,787</u></u>	<u><u>63,887</u></u>
8.3 Profit on disposal of treasury bill		
Proceed from disposal of treasury bills	8,547,722	46,493,301
Cost of treasury bills disposed	<u>(8,509,832)</u>	<u>(46,225,719)</u>
Profit on disposal of treasury bills	<u><u>37,890</u></u>	<u><u>267,582</u></u>
9. Fees		
Management fees - PFA	1,218,341	887,786
Management fees - PFC	228,439	165,893
Management fees - PENCOM	<u>181,301</u>	<u>132,111</u>
	<u><u>1,628,081</u></u>	<u><u>1,185,790</u></u>
10. Other income		
Provision no longer required	<u><u>-</u></u>	<u><u>1,060,957</u></u>
This represent write-back on provision for diminution on equity investments		

CRUSADERSTERLING PENSIONS LIMITED - RSA FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 N'000	2012 N'000
11. Accumulated surplus		
At 1 January	12,248,694	6,218,212
Surplus during the year	<u>6,168,230</u>	<u>6,030,482</u>
At 31 December	<u><u>18,416,924</u></u>	<u><u>12,248,694</u></u>
12. Reconciliation of surplus for the year to net cash provided by operating activities		
Surplus for the year	<u>6,168,230</u>	<u>6,030,482</u>
Profit on disposal of investments	(276,149)	(284,574)
Gain on valuation of investments	-	(1,060,957)
Premium/(discount) recognised in the year	82,137	(130,484)
Change in operating assets/liabilities		
Operating assets	(408,740)	(754,588)
Operating liabilities	<u>(420,881)</u>	<u>453,949</u>
Total adjustments	<u>(1,023,633)</u>	<u>(1,776,654)</u>
Net cash provided by operating activities	<u><u>5,144,597</u></u>	<u><u>4,253,828</u></u>

13. Cash and cash equivalents

These represent the balances on the various accounts with the Fund Custodian.

14. Guarantees and other capital commitments

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.

15. Post balance sheet event

There were no events after year end, which could have had a material impact on the financial statements.

16. Comparative figures

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 2013

	2013 N'000	%	2012 N'000	%
Gross income	7,881,880		7,218,520	
Administrative and other expenses:				
- Local	(85,569)		(2,248)	
- Foreign	-		-	
	<u>7,796,311</u>	<u>100</u>	<u>7,216,272</u>	<u>100</u>
APPLIED AS FOLLOWS:				
To pay managers, custodian and regulator:				
- Fees	1,628,081	21	1,185,790	16
To provide for growth and development:				
- Surplus for the year	<u>6,168,230</u>	<u>79</u>	<u>6,030,482</u>	<u>84</u>
	<u>7,796,311</u>	<u>100</u>	<u>7,216,272</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 2013

	Note	2013 N'000	2012 N'000
Income			
Contributions	6	15,493,893	16,864,643
Dividend income		472,334	192,616
Interest income		7,133,397	5,549,889
Profit on disposal of investments		276,149	284,574
Discount on bond		-	130,484
Investment revaluation surplus		2,995,559	448,575
Other income	10	-	1,060,957
		<u>26,371,332</u>	<u>24,531,738</u>
Expenses			
Fees		1,628,081	1,185,790
Charges and commission		1,894	685
Audit fees		1,500	1,000
Lumpsum payment		782,543	483,968
Assets transferred to retirees fund		3,282,659	3,731,714
Amortised premium on bond		82,137	-
Other expenses		38	563
		<u>5,778,852</u>	<u>5,403,720</u>
Net increase in fund		20,592,480	19,128,018
RSA fund, beginning of the year		<u>63,430,641</u>	<u>44,302,623</u>
RSA Fund, end of the year		<u><u>84,023,121</u></u>	<u><u>63,430,641</u></u>