



2016

Consolidated
and separate
Financial
Statements

 **POSITIONED
FOR GROWTH**

Nigeria Sovereign Investment Authority
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For the year ended 31 December 2016

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Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2016

Directors, officers and professional advisors

Directors	Mr. Uche Orji (Managing) Mr. Hanspeter Ackermann (Executive) Mrs. Stella Ojekwe-Onyejeli (Executive)
Secretary	Mrs. Ezinwa Okoroafor (Acting)
Registered office	The Clan Place, 4th floor Plot 1386A, Tigris Crescent Maitama Abuja
Auditor	PricewaterhouseCoopers Landmark Towers 5B Water Corporation Road Victoria Island Lagos.
Banker	Central Bank of Nigeria
Fund custodians	JP Morgan (Foreign Custodian) Stanbic IBTC Bank Limited (Local Custodian)

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements

For the year ended 31 December 2016

Directors' report

1 Financial statements

The directors of the Authority present their annual report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the financial statements of the Authority and the subsidiaries (known as "the Group") and independent auditor's report for the year ended 31 December 2016.

2 Principal activities

The Authority was established by the Nigeria Sovereign Investment Authority (Establishment etc.) Act, 2011 to manage excess funds from the country's sale of crude oil. This is performed through three (3) funds; Stabilisation Fund (SF), Nigeria Infrastructure Fund (NIF) and the Future Generation Fund (FGF). The Authority commenced operations in October 2012.

3 Operating results

The following is a summary of the Authority's operating results for the year:

	Group	Authority
	31 December	31 December
	2016	2016
	N'000	N'000
Investment and interest income	11,895,128	11,151,243
Net gain on financial assets	27,747,126	27,747,126
Net foreign exchange gains	92,796,051	92,796,051
Profit after tax	130,379,293	129,434,191
Total comprehensive income for the year	<u>149,833,338</u>	<u>142,900,236</u>

4 Objective

NSIA is an autonomous entity established under the laws of the Federal Republic of Nigeria with a broad mandate to

- a) enhance the development of Nigerian infrastructure
- b) provide stabilisation support in times of economic stress, and
- c) carry out such other activities as may be related to the above objects.

5 Governance and management

The Act establishes a Governing Council (the Council) for the Authority. The Council comprises the following:

- a) The President of Nigeria (who may be represented by the Vice-President);
- b) Governors of Nigeria's 36 States; and
- c) Eighteen other appointees, including:
 - (i) Attorney-General of the Federation;
 - (ii) Minister of Finance;
 - (iii) Minister in charge of the National Planning Commission.

6 Employment of disabled persons

The Authority has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Authority's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Authority continues and that appropriate training is arranged.

7 Employee health, safety and environment

The Authority enforces strict health and safety rules and practices in the work environment, which are reviewed and tested regularly. The Authority provides medical insurance for its employees through designated hospitals and clinics. Fire prevention and fire-fighting equipment are installed at strategic locations within the Authority's premises.

Mrs. Ezinwa Okoroafor

General Counsel

FRCN/2016/NBA/0000015045

Nigeria Sovereign Investment Authority
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Statement of directors' responsibilities
In relation to the financial statements for the year ended 31 December 2016

The Nigeria Sovereign Investment Authority Act requires the preparation of financial statements for each financial year that give a true and fair view of the state of financial affairs of the Authority and Group at the end of the year and of its profit or loss. The responsibility include:

- a. ensuring that the Authority and Group keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Authority and Group and comply with the requirements of the Nigeria Sovereign Investment Authority Act;
- b. designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c. preparing the Authority and Group's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Authority and Group and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Authority will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the directors by:

Mr. Uche Orji
Managing Director
FRC/2014/IODN/00000007036

Mr. Hanspeter Ackermann
Executive Director
FRC/2015/IODN/00000012315

Mrs. Stella Ojekwe-Onyejeli
Executive Director
FRC/2014/ICAN/00000005766

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Auditor's report

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Auditor's report

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Auditor's report

Nigeria Sovereign Investment Authority
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Statement of comprehensive income
For the year ended 31 December 2016

		Group	Group	Authority	Authority
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
Notes		N '000	N '000	N '000	N '000
Investment and interest income	9	11,895,128	5,821,745	11,151,243	5,811,617
Net gain on financial assets	10	27,747,126	-	27,747,126	-
Net foreign exchange gains	11	92,796,051	8,736,293	92,796,051	8,732,124
Total operating income		132,438,305	14,558,038	131,694,420	14,543,741
Investment management fees		(564,855)	(492,781)	(564,855)	(492,781)
Local custodian fees		(20,535)	(12,251)	(20,535)	(12,251)
Foreign custodian fees		(96,811)	(91,627)	(96,811)	(91,627)
Total investment management & custodian fee		(682,201)	(596,659)	(682,201)	(596,659)
Total operating profit		131,756,104	13,961,379	131,012,219	13,947,082
Other income	12	666,107	38,400	663,877	38,400
Total other income		666,107	38,400	663,877	38,400
Operating and administrative expenses	13	(2,332,541)	(2,333,619)	(2,241,905)	(1,779,601)
Share of profit of investment in associate	19	289,755	124,914	-	-
Profit before tax		130,379,425	11,791,074	129,434,191	12,205,881
Taxation	14	(132)	(15,496)	-	-
Profit after tax		130,379,293	11,775,578	129,434,191	12,205,881
Profit attributable to:					
Owners of NSIA		130,379,097	11,775,728	129,434,191	12,205,881
Non-controlling interest		196	(150)	-	-
		130,379,293	11,775,578	129,434,191	12,205,881
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Movement in fair value reserves					
Net change in fair value	23	25,968,800	12,654,237	25,825,522	13,738,357
Net amount transferred to profit or loss	23	(12,359,477)	-	(12,359,477)	-
Share of other comprehensive income of associate	23	(461,502)	388,322	-	-
Currency translation differences	23	6,306,224	1,537,219	-	-
Other comprehensive income for the year		19,454,045	14,579,778	13,466,045	13,738,357
Total comprehensive income for the year		149,833,338	26,355,356	142,900,236	25,944,238
Total comprehensive income attributable to:					
Owners of NSIA		149,831,928	26,355,143	142,900,236	25,944,238
Non-controlling interest		1,410	213	-	-
		149,833,338	26,355,356	142,900,236	25,944,238

The accompanying notes form an integral part of these consolidated financial statements.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statement of financial position
As at 31 December 2016

		Group	Group	Authority	Authority
		31 December	31 December	31 December	31 December
		2,016	2015	2016	2015
	Notes	N '000	N '000	N '000	N '000
Assets					
Cash and cash equivalents	15	148,267,906	37,983,532	141,076,852	32,913,468
Investment securities	16	249,822,688	164,382,547	234,132,773	154,152,447
Other assets	17	4,698,044	1,472,508	7,355,693	3,844,603
Investment in subsidiaries	18	-	-	7,096,155	7,066,155
Investment in associate	19	1,957,853	2,129,600	1,600,000	1,600,000
Property and equipment	20	16,187,064	7,700,860	66,304	104,603
Intangible assets	21	621	5,739	621	5,739
Total Assets		420,934,176	213,674,786	391,328,398	199,687,015
Liabilities					
Trade and other payables	22	24,089,561	15,788,509	3,718,488	4,102,341
Total liabilities		24,089,561	15,788,509	3,718,488	4,102,341
Equity and reserves					
Contribution by Government	23	204,375,000	155,250,000	204,375,000	155,250,000
Retained earnings	23	147,845,348	17,466,251	147,172,616	17,738,425
Fair value reserve	23	36,661,142	23,513,074	36,062,294	22,596,249
Currency translation reserve	23	7,958,502	1,653,739	-	-
Total equity and amount attributable to equity contributors of the parent (Government)		396,839,992	197,883,064	387,609,910	195,584,674
Non-controlling interest	23	4,623	3,213	-	-
Total equity		396,844,615	197,886,277	387,609,910	195,584,674
Total equity and liabilities		420,934,176	213,674,786	391,328,398	199,687,015

Signed on behalf of directors on 31 March 2017 by:

Mr. Uche Orji
 Managing Director
 FRC/2014/IODN/0000007036

Mr. Hanspeter Ackermann
 Executive Director
 FRC/2015/IODN/00000012315

Additionally certified by:

Mrs. Stella Ojekwe-Onyejeli
 Executive Director
 FRC/2014/ICAN/0000005766

Mrs. Olubisi Makoju
 Financial Controller
 FRC/2014/ICAN/0000005765

The accompanying notes form an integral part of these consolidated financial statements.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statement of changes in equity
For the year ended 31 December 2016

Group	Contribution by Government N '000	Retained earnings N '000	Fair value reserve N '000	Currency translation reserve N '000	Non-Controlling Interest N '000	Total N '000
Balance at 1 January 2016	155,250,000	17,466,251	23,513,074	1,653,739	3,213	197,886,277
Total comprehensive income for the year						
Profit for the year	-	130,379,097	-	-	196	130,379,293
	-	130,379,097	-	-	196	130,379,293
Other comprehensive income						
Net change in fair value of financial assets (available for sale)	-	-	25,969,047	-	(247)	25,968,800
Net amount transferred to profit or loss	-	-	(12,359,477)	-	-	(12,359,477)
Share of other comprehensive income of associate	-	-	(461,502)	-	-	(461,502)
Currency translation differences	-	-	-	6,304,763	1,461	6,306,224
Total other comprehensive income for the year	-	-	13,148,068	6,304,763	1,214	19,454,045
Total comprehensive income for the year	-	130,379,097	13,148,068	6,304,763	1,410	149,833,338
Total transactions with owners:						
Contribution by Government	49,125,000	-	-	-	-	49,125,000
Total transactions with owners	49,125,000	-	-	-	-	49,125,000
Balance at 31 December 2016	204,375,000	147,845,348	36,661,142	7,958,502	4,623	396,844,615
Group 31 Dec 2015	Contribution by Government N '000	Retained earnings N '000	Fair value reserve N '000	Currency translation reserve N '000	Non-Controlling Interest N '000	Total N '000
Balance at 1 January 2015	155,250,000	5,691,084	10,470,202	116,981	-	171,528,267
Total comprehensive income for the year						
Profit for the year	-	11,775,728	-	-	(150)	11,775,578
	-	11,775,728	-	-	(150)	11,775,578
Other comprehensive income						
Net change in fair value of financial assets (available for sale)	-	-	12,654,550	-	(313)	12,654,237
Share of other comprehensive income of associate	-	-	388,322	-	-	388,322
Currency translation differences	-	-	-	1,536,758	461	1,537,219
Total other comprehensive income for the year	-	-	13,042,872	1,536,758	148	14,579,778
Total comprehensive income for the year	-	11,775,728	13,042,872	1,536,758	(2)	26,355,356
Total transactions with owners:						
Contributions made	-	-	-	-	3,000	3,000
Transactions within equity	-	(561)	-	-	561	-
Distributions	-	-	-	-	(346)	(346)
Total transactions with owners	-	(561)	-	-	3,215	2,654
Balance at 31 December 2015	155,250,000	17,466,251	23,513,074	1,653,739	3,213	197,886,277

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statement of changes in equity
For the year ended 31 December 2016

	Contribution by Government	Retained earnings	Fair value reserve	Total
Authority	N '000	N '000	N '000	N '000
Balance at 1 January 2016	155,250,000	17,738,425	22,596,249	195,584,674
Transaction with owners				
Additional contribution received	49,125,000	-	-	49,125,000
Total transaction with owners	49,125,000	-	-	49,125,000
Total comprehensive income for the year				
Profit for the year	-	129,434,191	-	129,434,191
	-	129,434,191	-	129,434,191
Other comprehensive income for the year				
Net changes in fair value of financial assets (available for sale)	-	-	25,825,522	25,825,522
Net amount transferred to profit or loss	-	-	(12,359,477)	(12,359,477)
Total other comprehensive income	-	-	13,466,045	13,466,045
Total comprehensive income for the year	-	129,434,191	13,466,045	142,900,236
Balance at 31 December 2016	204,375,000	147,172,616	36,062,294	387,609,910
	Contribution by Government	Retained earnings	Fair value reserve	Total
Authority	N '000	N '000	N '000	N '000
Balance at 1 January 2015	155,250,000	5,532,544	8,857,892	169,640,436
Total comprehensive income for the year				
Profit for the year	-	12,205,881	-	12,205,881
	-	12,205,881	-	12,205,881
Other comprehensive income for the year				
Net changes in fair value of financial assets (available for sale)	-	-	13,738,357	13,738,357
Total other comprehensive income	-	-	13,738,357	13,738,357
Total comprehensive income for the year	-	12,205,881	13,738,357	25,944,238
Transactions with owners	-	-	-	-
Balance at 31 December 2015	155,250,000	17,738,425	22,596,249	195,584,674

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
Statement of cash flows
For the year ended 31 December 2016

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Cash flow from operating activities				
Profit before taxation	130,379,425	11,791,074	129,434,191	12,205,881
Adjustments to reconcile profit before tax to net cash flow from operating activities:				
Depreciation charge for the year	74,735	82,526	67,967	80,868
Amortisation of intangible assets	5,118	8,104	5,118	8,104
Profit on sale of property and equipment	(2,011)	767	(2,011)	767
Tax paid	(132)	(15,496)	-	-
Share of profit from associate	(289,755)	(124,914)	-	-
Movements in operating assets/ liabilities:				
Increase in investment securities	(85,440,141)	(41,180,707)	(79,980,326)	(40,674,377)
(Decrease)/Increase in other assets	(3,225,536)	3,314,225	(3,511,090)	941,818
Increase/(decrease) in trade and other payables	8,301,052	9,478,220	(383,853)	3,592,018
Net cash generated/(used) in operating activities	49,802,755	(16,646,201)	45,629,996	(23,844,921)
Cash flows from investing activities				
Purchase of property, plant & equipment	(8,564,169)	(4,020,489)	(32,898)	(10,071)
Purchase of intangible assets	-	(1,675)	-	(1,675)
Investment in subsidiaries	-	-	(30,000)	-
Distribution from subsidiary	-	-	-	4,930,327
Proceeds from sale of property, plant and equipment	5,241	9,211	5,241	9,211
Net cash generated/(used) in investing activities	(8,558,928)	(4,012,953)	(57,657)	4,927,792
Cash flows from financing activities				
Contribution by Government	49,125,000	-	49,125,000	-
Transactions with non-controlling interest ("NCI")	-	3,000	-	-
Distributions to equity holders - NCI	-	(346)	-	-
Net cash generated/(used) in financing activities	49,125,000	2,654	49,125,000	-
Net cash movement for the year	90,368,827	(20,656,500)	94,697,339	(18,917,129)
Cash and cash equivalents at beginning of year	37,983,532	49,903,739	32,913,468	43,098,473
Net exchange gains on cash and cash equivalents	19,915,547	8,736,293	13,466,045	8,732,124
Cash and cash equivalents at year end	148,267,906	37,983,532	141,076,852	32,913,468
Cash and cash equivalents comprise:				
Cash in hand	114	133	114	133
Bank balances	58,083,586	24,099,268	50,892,532	22,826,036
Placements with financial institutions	90,184,206	13,884,131	90,184,206	10,087,299
Total cash and cash equivalents	148,267,906	37,983,532	141,076,852	32,913,468

The accompanying notes form an integral part of these financial statements.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
For the year ended 31 December 2016

Notes to the financial statements

1 General Information

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') was established to receive, manage and invest the excess funds from the country's sale of crude oil in a diversified portfolio of medium and long-term investments. The Authority was setup by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial USD 1 billion in seed capital. The Authority commenced operations in October 2012.

The Authority is domiciled in Nigeria and its registered office address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

To actualize its mandate, the Authority has established three separate "ring-fenced" funds. They include Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). The investment activities of the funds are managed as follows:

Fund	Investment managers
Stabilisation Fund (SF)	UBS
Nigeria Infrastructure Fund (NIF)	In-house Management Team, Fund for Agricultural Finance in Nigeria (FAFIN)
Future Generations Fund (FGF)	Cevian Capital UK LLP, Blue Mountain Capital Management, JHL Capital Group LLP, Edgbaston Investment Partners, Capital Group, Arbitr Offshore Limited, Somerset Capital Management LLP, Marathon Asset Management LLP, Chieftain Capital, Prince Street, Jamison Capital Partners, Xenon Private Equity, Z Capital Partners, Helios Investment Partners, Healthcare Royalty Partners, AQR Capital Management, Actis Capital, and Africa Capital Alliance

2 Structure and content

The financial statements comprise:

- (a) A statement of financial position at the end of the period;
- (b) A statement of comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information.

3 Basis of preparation

3.1 Statement of compliance

The consolidated and separate financial statements of Nigeria Sovereign Investment Authority (NSIA) have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to companies reporting under IFRS. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRIC.

The Group has adopted the liquidity approach in the presentation of the statement of financial position as this best represents the nature of its activities.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- * Available-for-sale financial assets are measured at fair value
- * Fair value through profit or loss financial assets are measured at fair value
- * Held to maturity financial assets and financial liabilities are measured at amortised cost.

3.3 Functional and presentation currency

These financial statements are presented in Naira. All financial information presented in Naira has been rounded to the nearest thousands, except otherwise indicated.

The currency of the primary economic environment of the Authority (that is, functional currency) is the Nigerian Naira.

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Naira', which is the group's presentation currency.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
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Notes to the financial statements

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'net exchange gains'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group Companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Composition of the Group

The Group is made up of a number of subsidiaries. The Group re-assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10 exemption from consolidation. The types of subsidiaries and their treatment under IFRS 10 are as follows:

Wholly owned subsidiaries: The financial statements of the subsidiaries have been consolidated with the financial statements of the Group.

3.4 Changes in accounting policy

There were no changes in the accounting policies of the Authority during the period.

(a) New standards, amendments and interpretations adopted by the Group

There were no new standards adopted by the Group for the financial period beginning on or after 1 January 2016.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated and separate financial statements. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling.

Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
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Notes to the financial statements

(b) New standards, amendments and interpretations not yet adopted (cont'd)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact. The Group intends to adopt this standard on 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15. The Group intends to adopt this standard on 1 January 2018.

IFRS 16, 'Leases' requires lessees in a finance lease to recognise a right to use an asset and a corresponding liability. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group is assessing the impact of IFRS 16. The Group intends to adopt this standard on 1 January 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 Significant accounting policies

The accounting policies set out below were adopted by the Group in the presentation of these financial statements.

4.1 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re measurement are recognised in profit or loss

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Change in ownership interest subsidiaries without loss of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to noncontrolling interests are also recorded in equity.

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(c) Disposal of subsidiaries

When the Group ceases to have control over any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

4.2 Interest income and interest expense

Interest income and expense, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Authority estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

4.3 Transaction costs

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

4.4 Net gain from financial instruments at fair value through profit or loss

Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on short positions.

4.5 Fees and commissions

Fees, commission and other expenses that are not integral to the effective interest rate computation are recognised in profit or loss on an accrual basis as the related services are performed.

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4.5.1 Fiduciary activities

The Authority provides investment management and custody services to the Debt Management Office and Nigerian Bulk Electricity Company Plc. ("NBET") which involve the Authority making allocation, purchase and sale decisions in relation to a wide range of financial instruments and investments. Those assets and income that are held in a fiduciary capacity are not included in these financial statements as they are not assets of the Authority. Some of these arrangements involve the Authority managed by the Authority. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised under non-operating income in profit or loss as the related services being provided are performed.

4.6 Income tax expense

The Authority and its wholly-owned subsidiaries and wholly affiliates in Nigeria shall be exempt from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria, including without limitation, the Companies Income Tax Act Cap. C21 LFN 2004, the Capital Gains Tax Act Cap. C1 LFN 2004, the Stamp Duties Act Cap. S8 LFN 2004, the Value Added Tax Act Cap. V1 LFN 2004 or other imports, taxes on interest and dividends or any similar law or regulation.

The NSIA Act exempts the Authority from the provisions of any and all taxes, fees, imports or similar fiscal laws or regulations of the Federal Government, State Government, Federal Capital Territory, Local Government and Area councils of the Federal Republic of Nigeria. The Authority is however mandated to pay tax on behalf of its employees and suppliers.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Thus the investment income accruing to the Authority is gross of such taxes and the related withholding tax expense is recorded as such in the income statement.

4.7 Financial assets and financial liabilities

4.7.1 Recognition and initial measurement

All financial instruments are initially recognized at fair value at the trade date, which includes transaction costs for financial instruments not classified as fair value through profit or loss. Financial instruments are derecognized when the rights to receive cash flows from the financial instruments have expired or where the Authority has transferred substantially all risks and rewards of ownership.

4.7.2 Classification

The Authority has adopted the following classifications for financial assets and financial liabilities:

Financial assets:

- loans and receivables;
- held to maturity;
- available-for-sale;
- or fair value through profit or loss and within the category as:
 - held for trading; or
 - designated at fair value through profit or loss

Financial liabilities:

- Financial liabilities are measured at amortised cost, or fair value through profit or loss.

4.7.3 Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Authority as fair value through profit or loss or available-for-sale. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. All of the Authority's advances are included in the loans and receivables category.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale. Where the Authority is to sell more than an insignificant amount of held-to- maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

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Available-for-sale

Financial assets classified by the Authority as available for-sale financial assets are generally those that are not designated as another category of financial assets, or strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss. Dividends received on available-for-sale financial instruments are recognised in profit or loss when the Authority's right to receive payment has been established.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges.

Financial assets may be designated at fair value through profit or loss when:

The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or

A group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are remeasured at each reporting date.

Financial liabilities

The Authority classifies its financial liabilities as measured at amortised cost.

4.7.4 *Derecognition*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the authority neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the authority is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.7.5 *Offsetting*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the authority has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.7.6 *Amortised cost measurement*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

4.7.7 *Fair value measurement*

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the authority measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the authority establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the authority, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The authority calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

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The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

4.7.8 Identification and measurement of impairment

At each reporting date the Authority assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Authority in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

4.9 Property and equipment

4.9.1 Initial recognition

All items of property and equipment are initially recognised at cost. Cost includes the value of consideration exchanged, or fair value in the case of donated or subsidised assets, and those costs directly attributable to bringing the item to working condition for its intended use.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

4.9.2 Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

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4.9.3 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Assets	Annual depreciation rate
Leasehold improvements over the shorter of the useful life of item or lease period	
Leasehold land	Over the lease period
Buildings	40 years
Computer equipment	3.3 years
Furniture and fittings	5 years
Office equipment	4 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

4.9.4 Derecognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. 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 profit or loss in the year the asset is derecognised.

4.10 Intangible assets - software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the software can be measured reliably. Expenditure that forms part of the cost of software that meets the recognition criteria are capitalized as part of the software. Software is accounted for using the cost model. After initial recognition, the software is carried at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

4.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

4.12 Leased assets - lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

4.13 Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows, which are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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4.13 Impairment of non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

4.14 Provisions

A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.14.1 Restructuring

A provision for restructuring is recognised when the Authority has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.

4.15 Trade payables

Trade payables are obligations that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.16 Contingencies

4.16.1 Contingent assets

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

4.16.2 Contingent liabilities

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefits is probable is recognised, except in the extremely rare circumstances where no reliable estimate can be made. Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

4.17 Employee benefits

4.17.1 Post employment benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Pension Scheme

The Authority operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employee and the employer contributions are 8% and 10% respectively each of the qualifying employee's salary.

Obligations for contributions to defined contribution plans is recognised as an employee benefit expense in profit or loss in the period when the employees have rendered service entitling them to the contributions.

Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value at the reporting date.

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4.17.2 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Segment results that are reported to the board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Authority's headquarters), and head office expenses.

4.19 Capital commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. The Group may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the Group has contracted for expenditure but work has not commenced and no payments have been made.

4.20 Financial guarantees

Financial guarantee contracts are contracts that require the Authority (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor (wholly-owned subsidiaries) fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium. Financial guarantees are included within other liabilities.

4.21 Determination of fair values

A number of the Authority's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.21.1 Investment in equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments (which are the Federal Government of Nigeria Treasury bills) is determined for disclosure purposes only and are determined by reference to the quoted closing bid price at the reporting date.

4.21.2 Investment in private equity funds

The fair value of the investments held in one of the Group's subsidiaries are recognised at fair value determined using the net asset valuation method. This is done by obtaining

- i. the valuation of the Investee Fund's underlying investments;
- ii. the value date of the net asset value (NAV) provided;
- iii. cash flows (calls/distributions) since the latest value date; and
- iv. the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Investee Fund's General Partner. If necessary, adjustments to the NAV are made to the various Investee Funds to obtain the best estimate of fair value.

4.21.3 Receivables

The fair value of short term receivables is measured at its carrying amount. Where the receivables are material; it is at estimated at the present value of future cash flows, discounted at the market rate of return at the reporting date.

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4.22 Impairment of financial assets

Financial assets carried at amortised cost

At each end of the reporting date, the Authority assesses whether there is objective evidence that a financial asset or portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or portfolio of financial assets that can be reliably estimated. Some objective evidence that a financial asset or portfolio of assets is impaired includes observable data that comes to the attention of the Authority on the following events:

Significant financial difficulty of the issuer or debtor; are expected to be useful for more than one period;

- A breach of contract, such as a default or delinquency in payments;
- It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a portfolio/group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio/group.

The Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a portfolio of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. As a practical expedient, the Authority may measure impairment on the basis of an instrument's fair value using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income.

Notes to the financial statements

5 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see note 6).

5.1 Critical accounting judgments in applying the Authority's accounting policies

Critical accounting judgements made in applying the Authority's accounting policies include:

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 4.7.7. The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data

Level 3: Valuation techniques using inputs that are not based on observable market data. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

5.1.2 Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 4.7.

5.1.3 Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. 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.

5.1.4 Determination of impairment of property and equipment and intangible assets

Management is required to make judgments 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 exists. The Authority applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

5.1.5 Impairment of available-for-sale equity

The Group follows the guidance of IAS 39 Financial instruments: recognition and measurement to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. There has been no impairment loss recognised in these financial statements.

5.1.6 Fair value of investment classified as available-for-sale

The fair values of quoted available-for-sale investments are determined by reference to prices quoted in an active market. For available for sale equity investments which are unquoted, the Authority carries these investments at cost due to unavailability of inputs to determine their fair values.

5.1.7 Fair value of private equity investments

The fair values of the private equity investments held by one of the Group's subsidiaries has been determined at the reporting date using the net asset valuation method. This takes into account the net asset values as obtained from the different private equity investee funds' most recent available financial information, considering contributions and distributions between the last net asset valuation date and the reporting period. These private equity investments are unquoted and comparable market information was not available as at the end of the reporting period. Determining the fair values based on this valuation approach assumes that the investment will be realised at the reporting date at these values. The sensitivity of the fair values to changes in the assumptions made is disclosed in Note 6.

6 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

6.1 Approach to risk management

With a global outlook, the Group's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Authority. The Group's Risk Framework seeks to explain the Authority's underlying approach to risk management, documents the roles and responsibilities of the Board of Directors, Risk Management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

6.2 Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group, resulting in a financial loss to the Group. It arises principally from debt securities held, trade receivables and advances, and also from cash and cash equivalents.

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6.2.1 Management of credit risk

The Authority's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards, hence the Authority only deals with counterparties that meet set credit ratings. The Authority does not manage credit risk exposure on either geographical or sectoral basis.

6.2.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure per credit rating.

As at 31 December 2016, all financial assets are neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

(i) Money market placement

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Counter parties with external credit ratings GBR, S&P, Fitch & Moody				
A1 (GBR)	3,046,408	-	3,046,408	-
AA- (S&P)	58,182,824	-	58,182,824	-
B+ (S&P)	-	10,002,396	-	10,002,396
B (S&P)	8,840,312	926,612	8,840,312	-
B2* - (Moody)	20,114,662	2,955,123	20,114,662	84,903
Total money market placements	90,184,206	13,884,131	90,184,206	10,087,299

(ii) Cash at bank

Counter parties with external credit ratings (S&P)

A	-	386,164	-	-
A- (S&P)	53,616,958	19,953,062	49,219,621	19,953,063
B+ (Moody, S&P)	-	3,760,042	-	2,872,973
B (S&P)	1,672,639	-	1,670,782	-
B2 (Moody)	853	-	853	-
BBB+ (S&P)	2,793,136	-	1,276	-
Total cash at bank balances	58,083,586	24,099,268	50,892,532	22,826,036

(iii) Trade receivables and advances

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Counter parties without external credit ratings				
Trade receivables	1,624,486	930,118	1,724,388	1,559,198
Advances	3,546	4,756	3,546	4,756
	1,628,032	934,874	1,727,934	1,563,954

The credit quality of trade receivables and advances which are neither past due nor impaired is assessed by reference to historical information about counterparty default rates. The counterparties have historically not defaulted on past obligations and there is no expectation of default as at the end of the reporting period. Counterparties with respect to the trade receivables relates to a hedge fund portfolio, while counterparties with respect to advances are the Group's employees.

(iv) Investment securities

All investment securities are subject to credit risk except the private equity investments.

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Counter parties with external credit ratings				
Held to Maturity				
AA+ (S&P)	4,329,608	-	4,329,608	-
B+ (Fitch)	3,379,285	20,672,575	3,379,285	20,672,575
B2 (Moody)	5,770,479	-	5,770,479	-
B- (S&P)	3,657,732	-	3,657,732	-
	17,137,104	20,672,575	17,137,104	20,672,575
Loans and Receivables				
A+ (Fitch)	-	3,951,124	-	3,951,124
A- (Augusto & Co)	6,181,604	-	6,181,604	-
B+ (S&P)	-	18,163,275	-	18,163,275
BBB+ (S&P)	7,651,603	-	7,651,603	-
BAA1 (Moody)	12,280,654	-	12,280,654	-
B2 (Moody)	13,724,619	-	13,724,619	-
B (S&P)	60,855,005	-	60,855,005	-
B- (S&P)	-	8,115,900	-	8,115,900
	100,693,485	30,230,299	100,693,485	30,230,299

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<i>Available for sale</i>				
AA+ (S&P)	24,660,440	-	24,660,440	-
A- (S&P)	-	54,211,369	-	54,211,369
BB+ S&P	2,197,267	-	2,197,267	-
	<u>26,857,707</u>	<u>54,211,369</u>	<u>26,857,707</u>	<u>54,211,369</u>
Counterparties without external credit ratings				
Private equity funds, long only equity and hedge funds	92,264,145	59,268,304	76,574,230	49,038,204
	<u>119,121,852</u>	<u>113,479,673</u>	<u>103,431,937</u>	<u>103,249,573</u>
Financial assets at FVTPL				
B (S&P)	12,870,247	-	12,870,247	-
	<u>12,870,247</u>	<u>-</u>	<u>12,870,247</u>	<u>-</u>
Total investment securities	<u>249,822,688</u>	<u>164,382,547</u>	<u>234,132,773</u>	<u>154,152,447</u>

6.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Group.

6.3.1 Management of liquidity risk

The Group's approach to managing liquidity is to have sufficient funds to meet its liabilities, as and when due, without incurring undue losses or risking damage to the Group's reputation. The Group manages its liquidity risk by maintaining cash levels to fund short term operating expenses.

The table below shows the Group's current cash levels:

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Cash in hand	114	133	114	133
Bank balances	58,083,586	24,099,268	50,892,532	22,826,036
Placements with financial institutions	90,184,206	13,884,131	90,184,206	10,087,299
Total cash and cash equivalents	<u>148,267,906</u>	<u>37,983,532</u>	<u>141,076,852</u>	<u>32,913,468</u>

6.3.2 Exposure to liquidity risk

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

31 December 2016

In thousands of Naira

	Up to 3 months	4 - 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Trade payables	1,198,158	-	228,375	-	1,426,533
Accruals	210,302	-	-	-	210,302
Other payables	1,556,277	-	436,919	-	1,993,196
Payables to related parties	-	-	20,459,530	-	20,459,530
Total liabilities	<u>2,964,737</u>	<u>-</u>	<u>21,124,824</u>	<u>-</u>	<u>24,089,561</u>

Group

31 December 2015

In thousands of Naira

	Up to 3 months	4 - 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Trade payables	916,571	-	4,528	-	921,099
Accruals	-	295,757	-	-	295,757
Other payables	2,715,978	8,118	286,691	-	3,010,787
Payables to related parties	-	-	11,560,866	-	11,560,866
Total liabilities	<u>3,632,549</u>	<u>303,875</u>	<u>11,852,085</u>	<u>-</u>	<u>15,788,509</u>

Authority

31 December 2016

In thousands of Naira

	Up to 3 months	4 - 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Trade payables	1,198,158	-	228,375	-	1,426,533
Accruals	77,255	-	-	-	77,255
Other payables	1,784,549	-	430,151	-	2,214,700
Total liabilities	<u>3,059,962</u>	<u>-</u>	<u>658,526</u>	<u>-</u>	<u>3,718,488</u>

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In thousands of Naira

Non-derivative financial liabilities

	Up to 3 months	4 - 6 months	Between 6 months and 1 year	Between 1 and 2 years	Total
Trade payables	916,571	-	4,528	-	921,099
Accruals	282,221	-	5,787	-	288,008
Other payables	2,718,978	10,118	164,138	-	2,893,234
Total liabilities	3,917,770	10,118	174,453	-	4,102,341

6.4 Market risk

Market risk is the risk of loss from unfavorable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Group. The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the Group's potential exposure can be categorised into two: namely, traditional investments and alternative investments. Traditional investments include cash, listed equity and fixed income instruments. Alternative investments are the real estate assets, private equity, hedge funds, unquoted securities and equities, hospitality, and are generally less liquid than traditional investments. Currently, the asset classes being referred to as alternative investments are the real estate assets, private equity, hospitality and infrastructure projects.

The Group's Market risk Framework includes:

* Market risk - comprising equity, interest rate, interest basis and currency risks;

* Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in real estate assets, private equity investments as well as other alternative instruments and project development.

The Group manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits.

The identification, measurement and management of market risk is categorised as follows:

6.4.1 Trading assets/Financial assets

Trading assets are carried at fair value using publicly available market rates for traded securities. Positions are monitored regularly and performance measured to relevant benchmarks.

6.4.2 Non-trading assets/ Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Authority's investment in alternative and unlisted securities.

6.4.3 Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

The Group has an investment in a foreign operation, whose net assets are exposed to foreign currency translation risk as a result of the translation of its financial statements from the operation's functional currency to the Group's presentation currency. Currency exposure arising from the net assets of the Group's foreign subsidiary is managed primarily through cash and cash equivalents denominated in the relevant foreign currencies.

The tables below shows the sensitivity of the Group's total comprehensive income to appreciation or depreciation of the naira in relation to other currencies.

Concentration of foreign currency exposure

Group

31 December 2016

	Naira N '000	USD N '000	Euro N '000	Yen N '000	Total N '000
Cash and cash equivalents	1,386,365	146,881,541	-	-	148,267,906
Investment securities (held-to-maturity)	-	17,137,104	-	-	17,137,104
Investment securities (loans & receivables)	20,889,206	79,804,279	-	-	100,693,485
Investment securities (available-for-sale)	-	118,211,142	868,830	41,880	119,121,852
Investment securities (FVTPL)	12,870,247	-	-	-	12,870,247
Trade receivables	535,605	1,087,881	-	-	1,624,486
Total financial assets	35,682,423	363,121,947	868,830	41,880	399,715,080
Financial liabilities - trade payables	347,144	1,079,389	-	-	1,426,533
Total financial liabilities	347,144	1,079,389	-	-	1,426,533
Net FCY exposure	-	362,042,559	868,830	41,880	362,953,270
Sensitivity at 5% appreciation	-	(18,102,128)	(43,442)	(2,094)	(18,147,663)
Sensitivity at 5% depreciation	-	18,102,128	43,442	2,094	18,147,663

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Group					
31 December 2015					
	Naira	USD	Euro	Yen	Total
	N '000	N '000	N '000	N '000	N '000
Cash and cash equivalents	7,377,156	30,606,376	-	-	37,983,532
Investment securities (held-to-maturity)	8,416,783	12,255,792	-	-	20,672,575
Investment securities (loans & receivables)	-	30,230,299	-	-	30,230,299
Investment securities - available-for-sale	-	113,251,336	187,099	41,238	113,479,673
Investment securities (FVTPL)	-	-	-	-	-
Trade receivables	107,726	822,392	-	-	930,118
Total financial assets	15,901,664	187,166,196	187,099	41,238	203,296,197
Financial liabilities - trade payables	99,264	821,835	-	-	921,099
Total financial liabilities	99,264	821,835	-	-	921,099
Net FCY exposure	-	186,344,360	187,099	41,238	186,572,697
Sensitivity at 5% appreciation	-	(9,317,218)	(9,355)	(2,062)	(9,328,635)
Sensitivity at 5% depreciation	-	9,317,218	9,355	2,062	9,328,635
Authority					
31 December 2016					
	Naira	USD	Euro	Yen	Total
	N '000	N '000	N '000	N '000	N '000
Cash and cash equivalents	1,384,508	139,692,344	-	-	141,076,852
Investment securities (held-to-maturity)	-	17,137,104	-	-	17,137,104
Investment securities (loans & receivables)	20,889,206	79,804,279	-	-	100,693,485
Investment securities - available-for-sale	-	102,521,227	868,830	41,880	103,431,937
Investment securities (FVTPL)	12,870,247	-	-	-	12,870,247
Trade receivables	639,607	1,084,781	-	-	1,724,388
Total financial assets	35,783,568	340,239,735	868,830	41,880	376,934,013
Financial liabilities - trade payables	347,144	1,079,389	-	-	1,426,533
Total financial liabilities	347,144	1,079,389	-	-	1,426,533
Net FCY exposure	-	339,160,346	868,830	41,880	340,071,057
Sensitivity at 5% appreciation	-	(16,958,017)	(43,442)	(2,094)	(17,003,553)
Sensitivity at 5% depreciation	-	16,958,017	43,442	2,094	17,003,553
Authority					
31 December 2015					
	Naira	USD	Euro	Yen	Total
	N '000	N '000	N '000	N '000	N '000
Cash and cash equivalents	2,688,349	30,225,119	-	-	32,913,468
Investment securities (held-to-maturity)	8,416,783	12,255,792	-	-	20,672,575
Investment securities (loans & receivables)	-	30,230,299	-	-	30,230,299
Investment securities - available-for-sale	-	103,021,236	187,099	41,238	103,249,573
Investment securities (FVTPL)	-	-	-	-	-
Trade receivables	736,806	822,392	-	-	1,559,198
Total financial assets	11,841,938	176,554,838	187,099	41,238	188,625,113
Financial liabilities - trade payables	99,264	821,835	-	-	921,099
Total financial liabilities	99,264	821,835	-	-	921,099
Net FCY exposure	-	175,733,003	187,099	41,238	175,961,340
Sensitivity at 5% appreciation	-	(8,786,650)	(9,355)	(2,062)	(8,798,067)
Sensitivity at 5% depreciation	-	8,786,650	9,355	2,062	8,798,067

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6.4.4 *Interest rate risk*

Interest rate risk is the risk of loss to net interest income (NII) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk. The table below shows the impact of interest rate changes (increase/decrease) on the Authority's fixed interest financial assets carried at fair value and the effect on other comprehensive income.

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Available for sale - US treasury notes	24,660,440	9,952,654	24,660,440	9,952,655
	<u>24,660,440</u>	<u>9,952,654</u>	<u>24,660,440</u>	<u>9,952,655</u>

(All amounts are in thousands of Naira)

Group

31 December 2016

Impact on	Impact of 5% strengthening	Impact of 5% weakening
Other comprehensive income	1,233,022	(1,233,022)

(All amounts are in thousands of Naira)

Group

31 December 2015

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	497,633	(497,633)

(All amounts are in thousands of Naira)

Authority

31 December 2016

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	1,233,022	(1,233,022)

(All amounts are in thousands of Naira)

Authority

31 December 2015

Impact on	Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Other comprehensive income	497,633	(497,633)

6.4.5 *Equities securities price risk*

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available-for-sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group

The table below summarises the impact of increases/ decreases on the Group's other comprehensive income and equity. The analysis is based on the assumption that the equity prices had increased/decreased by 5% with all other variables held constant:

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Available for sale equities	1,529,839	943,093	745,343	431,588
	<u>(1,529,839)</u>	<u>(943,093)</u>	<u>(745,343)</u>	<u>(431,588)</u>

Other comprehensive income would increase/(decrease) as a result of gains/(losses) on equity securities classified as available for sale by the amounts shown above.

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7 Fair value hierarchy

The Group classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy

Level	Fair value input description	Financial instruments
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)	Equity instruments quoted in over-the-counter (OTC) markets
Level 3	Inputs that are not based on observable market data (that is, unobservable inputs)	Unquoted equity instruments and debt instruments

Unquoted equity instruments and debt instruments are measured in accordance with the International Private Equity and Venture Capital valuation guidelines with reference to the most appropriate information available at the time of measurement.

The following tables analyse within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2016. All fair value measurements disclosed are recurring fair value measurements.

Available for sale investment securities

Group

31 December 2016

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	4,825,019	26,937,211	87,359,622	119,121,852
	4,825,019	26,937,211	87,359,622	119,121,852

31 December 2015

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	57,912,400	2,422,316	53,144,957	113,479,673
	57,912,400	2,422,316	53,144,957	113,479,673

Authority

31 December 2016

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	4,825,019	26,937,211	71,669,707	103,431,937
	4,825,019	26,937,211	71,669,707	103,431,937

31 December 2015

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	57,912,400	2,422,316	42,914,857	103,249,573
	57,912,400	2,422,316	42,914,857	103,249,573

Financial assets at fair value through profit or loss

Group

31 December 2016

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	-	12,870,247	-	12,870,247
	-	12,870,247	-	12,870,247

Authority

31 December 2016

In thousands of Naira

	Level 1	Level 2	Level 3	Total
	N '000	N '000	N '000	N '000
	-	12,870,247	-	12,870,247
	-	12,870,247	-	12,870,247

There are no comparative numbers for financial assets at fair value through profit or loss

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(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2016. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the Over-the-Counter alternative markets.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Authority. The Authority considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

Available-for-sale (Investments in hedge funds and private equity funds)

Level 3 is comprised of investments in hedge funds and private equity funds held by the Authority that are not quoted in active markets. In determining the fair value of these investments, the Authority relies on the valuation as reported in the latest available financial statements and/ or capital account statements provided by the investment manager, unless the Authority is aware of reasons that such a valuation may not be the best approximation of fair value. In such cases, the Authority reserves the right to assign a fair value to such investments which differs from the one reported by the investment manager.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2016 for available for sale financial assets.

	Group		Authority	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	N '000	N '000	N '000	N '000
Available-for-sale financial assets				
Opening balance	53,144,957	37,551,874	42,914,857	28,277,032
Additions	10,048,855	14,529,162	2,772,007	12,786,105
Distributions received	(3,620,341)	602,440	(183,704)	(779,326)
Disposals, repayments and write-offs	(189,759)	(3,498,413)	(189,759)	(2,296,672)
Fair value movement	4,195,961	(2,425,950)	2,576,357	(1,458,126)
Exchange gain/(loss)	23,859,453	6,385,844	23,859,453	6,385,844
Closing balance	87,439,126	53,144,957	71,749,311	42,914,857

The table below shows the sensitivity analysis of fair value movements for available-for-sale financial assets:

	Inputs	Group		Authority	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		N '000	N '000	N '000	N '000
Available-for-sale financial assets					
Fair value movement					
5% changes in fair value movement					
Increase			209,798		128,818
Decrease	NAV adjusted		(209,798)		(128,818)
Available-for-sale financial assets					
Fair value movement					
5% changes in fair value movement					
Increase			(121,297)		(72,906)
Decrease	NAV adjusted		121,297		72,906

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7.1 Financial assets and financial liabilities

The financial instruments by category for the Group and the Authority are shown in the tables below

Group

31 December 2016

	Financial assets held at FVTPL	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
<i>In thousands of Naira</i>							
Cash and cash equivalents	-	-	148,267,906	-	-	148,267,906	148,267,906
Advances	-	-	3,546	-	-	3,546	3,546
Investment securities:							
Measurement at fair value	12,870,247	-	-	119,121,852	-	131,992,099	131,992,099
Measurement at amortised cost	-	17,137,104	100,693,485	-	-	117,830,589	117,369,406
Other assets	-	-	1,624,486	-	-	1,624,486	1,624,486
	12,870,247	17,137,104	250,589,423	119,121,852	-	399,718,626	399,257,443
Trade and other payables	-	-	-	-	24,089,561	24,089,561	24,089,561
	-	-	-	-	24,089,561	24,089,561	24,089,561

Group

31 December 2015

	Financial assets held at FVTPL	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
<i>In thousands of Naira</i>							
Cash and cash equivalents	-	-	37,983,532	-	-	37,983,532	37,983,532
Advances	-	-	4,756	-	-	4,756	4,756
Investment securities:							
Measurement at fair value	-	-	-	113,479,673	-	113,479,673	113,479,673
Measurement at amortised cost	-	20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	-	-	1,467,752	-	-	1,467,752	1,467,752
	-	20,672,575	69,686,339	113,479,673	-	203,838,587	198,516,521
Trade and other payables	-	-	-	-	15,788,509	15,788,509	15,788,509
	-	-	-	-	15,788,509	15,788,509	15,788,509

Authority

31 December 2016

	Financial assets held at FVTPL	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
<i>In thousands of Naira</i>							
Cash and cash equivalents	-	-	141,076,852	-	-	141,076,852	141,076,852
Advances	-	-	3,546	-	-	3,546	3,546
Investment securities:							
Measurement at fair value	12,870,247	-	-	103,431,937	-	116,302,184	116,302,184
Measurement at amortised cost	-	17,137,104	100,693,485	-	-	117,830,589	117,369,406
Other assets	-	-	1,724,388	-	-	1,724,388	1,724,388
	12,870,247	17,137,104	243,498,271	103,431,937	-	376,937,559	376,476,376
Trade and other payables	-	-	-	-	3,718,488	3,718,488	3,718,488
	-	-	-	-	3,718,488	3,718,488	3,718,488

Authority

31 December 2015

	Financial assets held at FVTPL	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
<i>In thousands of Naira</i>							
Cash and cash equivalents	-	-	32,913,468	-	-	32,913,468	32,913,468
Advances	-	-	4,756	-	-	4,756	4,756
Investment securities:							
Measurement at fair value	-	-	-	103,249,573	-	103,249,573	103,249,573
Measurement at amortised cost	-	20,672,575	30,230,299	-	-	50,902,874	45,580,808
Other assets	-	-	3,839,847	-	-	3,839,847	3,839,847
	-	20,672,575	66,988,370	103,249,573	-	190,910,518	185,588,452
Trade and other payables	-	-	-	-	4,102,341	4,102,341	4,102,341
	-	-	-	-	4,102,341	4,102,341	4,102,341

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7.1.1 Fair value hierarchy of financial assets and financial liabilities

Group

31 December 2016

	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Cash and cash equivalents	148,267,906	-	148,267,906	-	148,267,906
Advances	3,546	-	3,546	-	3,546
Other assets	1,624,486	-	1,624,486	-	1,624,486
Held-to-maturity	17,137,104	-	16,675,921	-	16,675,921
Loans and receivables	100,693,485	-	100,693,485	-	100,693,485
Available-for- sale instruments	119,121,852	4,825,019	26,937,211	87,359,622	119,121,852
FVTPL	12,870,247	-	12,870,247	-	12,870,247
	399,718,626	4,825,019	307,072,802	87,359,622	399,257,444

Other financial liabilities

	24,089,561	-	24,089,561	-	24,089,561
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31 December 2015

	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Cash and cash equivalents	37,983,532	-	37,983,532	-	37,983,532
Advances	4,756	-	4,756	-	4,756
Other assets	1,467,752	-	1,467,752	-	1,467,752
Held-to-maturity	20,672,575	-	15,350,509	-	15,350,509
Loans and receivables	30,230,299	-	30,230,299	-	30,230,299
Available-for- sale instruments	113,479,673	57,912,400	2,422,316	53,144,957	113,479,673
FVTPL	-	-	-	-	-
	203,838,587	57,912,400	87,459,164	53,144,957	198,516,521

Other financial liabilities

	15,788,509	-	15,788,509	-	15,788,509
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Authority

31 December 2016

	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Cash and cash equivalents	141,076,852	-	141,076,852	-	141,076,852
Advances	3,546	-	3,546	-	3,546
Other assets	1,724,388	-	1,724,388	-	1,724,388
Held-to-maturity	17,137,104	-	16,675,921	-	16,675,921
Loans and receivables	100,693,485	-	100,693,485	-	100,693,485
Available-for- sale instruments	103,431,937	4,825,019	26,937,211	71,669,707	103,431,937
FVTPL	12,870,247	-	12,870,247	-	12,870,247
	376,937,559	4,825,019	299,981,650	71,669,707	376,476,376

Other financial liabilities

	-	-	3,718,488	-	3,718,488
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31 December 2015

	Carrying value	Level 1	Level 2	Level 3	Fair value
<i>In thousands of Naira</i>					
Cash and cash equivalents	32,913,468	-	32,913,468	-	32,913,468
Advances	4,756	-	4,756	-	4,756
Other assets	3,839,847	-	3,839,847	-	3,839,847
Held-to-maturity	20,672,575	-	15,350,509	-	15,350,509
Loans and receivables	30,230,299	-	30,230,299	-	30,230,299
Available-for- sale instruments	103,249,573	57,912,400	2,422,316	42,914,857	103,249,573
FVTPL	-	-	-	-	-
	190,910,518	57,912,400	84,761,195	42,914,857	185,588,452

Other financial liabilities

	4,102,341	-	4,102,341	-	4,102,341
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8 Segment information

Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

The Authority has three reportable segments being the Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF). Each of the Funds is managed separately as they entail different investment objectives and strategies and contain investments in different products.

For each of the Funds, the management reviews the internal management report. The objective and principal investment products of the respective reportable segments are as follows:

Stabilisation Fund (SF)	To provide stabilisation support to the Federation in times of economic stress
Future Generation Fund (FGF)	To invest in a diversified portfolio of appropriate growth investments in order to provide future generation of Nigerians a solid savings base for such a time as the hydrocarbon reserves in Nigeria are exhausted
Nigeria Infrastructure Fund (NIF)	To invest in infrastructure projects in Nigeria that meet our targeted financial returns and contribute to the development of essential infrastructure in Nigeria

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports. Segment profit is used to measure performance as the directors believe that such information is most relevant in evaluating the profitability of each segment.

Information about reportable segments

	Nigeria				Total
	Stabilisation Fund	Future Generations Fund	Infrastructure Fund	Unallocated	
	N '000	N '000	N '000	N '000	N '000
Investment and interest income	1,373,276	3,753,503	6,768,349	-	11,895,128
Net gain on financial assets	2,119,670	4,084,872	21,542,584	-	27,747,126
Net foreign exchange gains	14,717,157	56,282,814	21,796,080	-	92,796,051
Total operating segment income	18,210,103	64,121,189	50,107,013	-	132,438,305
Investment management fees	(43,463)	(505,210)	(16,182)	-	(564,855)
Local custodian fees	(3,239)	(6,477)	(10,819)	-	(20,535)
Foreign custodian fees	(14,309)	(72,406)	(10,096)	-	(96,811)
Total segment investment management & custodian fees	(61,011)	(584,093)	(37,097)	-	(682,201)
Total operating segment profit	18,149,092	63,537,096	50,069,916	-	131,756,104
Other income	-	-	-	666,107	666,107
Total other income	-	-	-	666,107	666,107
Operating and administrative expenses	(14,375)	(119,355)	(143,567)	(2,055,244)	(2,332,541)
Total operating and administrative expenses	(14,375)	(119,355)	(143,567)	(2,055,244)	(2,332,541)
Share of profit of investment in associate	-	-	289,755	-	289,755
Profit before tax	18,134,717	63,417,741	50,216,104	(1,389,137)	130,379,425
Taxation	-	(132)	-	-	(132)
Profit after tax	18,134,717	63,417,609	50,216,104	(1,389,137)	130,379,293
Profit attributable to:					
Owners of NSIA	18,134,717	63,417,413	50,216,104	(1,389,137)	130,379,097
Non-controlling interest	-	196	-	-	196
Reportable segment assets					
Cash and cash equivalents	29,083,640	45,257,167	72,345,716	1,581,383	148,267,906
Investment securities	48,922,305	107,799,608	93,100,775	-	249,822,688
Other assets	1,084,781	2,557,746	468,451	587,066	4,698,044
Investment in subsidiaries	-	-	-	-	-
Investment in associate	-	-	1,957,853	-	1,957,853
Property and equipment	-	-	16,120,760	66,304	16,187,064
Intangible assets	-	-	-	621	621
	79,090,726	155,614,521	183,993,555	2,235,374	420,934,176
Reportable segment liabilities					
Trade and other payables	1,079,389	93,844	20,575,245	2,341,084	24,089,561
	1,079,389	93,844	20,575,245	2,341,084	24,089,561

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Group	Nigeria			Unallocated	Total
	Stabilisation Fund	Future Generations Fund	Infrastructure Fund		
31 December 2015	N '000	N '000	N '000		
Investment and interest income	335,052	1,207,619	4,270,307	8,767	5,821,745
Net foreign exchange gains	3,750,201	951,948	3,994,913	39,231	8,736,293
Total operating segment income	4,085,253	2,159,567	8,265,220	47,998	14,558,038
Investment management expenses	(72,120)	(362,707)	(57,954)	-	(492,781)
Local custodian fees	-	-	(12,251)	-	(12,251)
Global custodian fees	(12,274)	(65,259)	(14,094)	-	(91,627)
Total segment investment management & custodian fees	(84,394)	(427,966)	(84,299)	-	(596,659)
Total operating segment profit	4,000,859	1,731,601	8,180,921	47,998	13,961,379
Other non-operating income	-	-	-	38,400	38,400
Share of profit of investment in associate	-	-	124,914	-	124,914
Other operating expenses	(351)	(662,841)	(80,872)	(1,589,555)	(2,333,619)
Total segment operating & administrative expenses	(351)	(662,841)	(80,872)	(1,589,555)	(2,333,619)
Segmented profit/ (loss) for the period	4,000,508	1,068,760	8,224,963	(1,503,157)	11,791,074
Reportable segment assets	40,091,992	80,061,915	89,918,960	3,601,919	213,674,786
Reportable segment liabilities	821,835	2,750	11,690,342	3,273,582	15,788,509

8(a) Entity-wide information

The breakdown of investment and interest income from external customers are as follows:

	Group 31 December 2016 N '000	Group 31 December 2015 N '000
Attributable to the Authority's country of domicile	10,507,534	4,558,107
Attributable to foreign countries	1,387,594	1,263,638
Total investment income	11,895,128	5,821,745

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9 Investment and interest income

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Interest income on bills	6,209,503	1,788,940	6,209,503	1,788,940
Interest income on fixed deposits	2,801,815	1,779,195	2,801,815	1,779,195
Interest income on eurobonds	1,446,615	422,834	1,446,615	422,834
Investment income on equities and securities	1,326,161	1,682,305	631,878	1,709,050
Interest income on bank balances	111,034	148,461	61,432	111,598
	11,895,128	5,821,735	11,151,243	5,811,617

10 Net gain on financial assets

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Net gain on financial assets at fair value through profit or loss	15,387,649	-	15,387,649	-
Net realised gain on available for sale financial assets	12,359,477	-	12,359,477	-
	27,747,126	-	27,747,126	-

10a Net gain on financial assets at fair value through profit or loss

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Unrealised gain on financial assets at FVTPL	12,870,247	-	12,870,247	-
Realised gain on currency swap	2,517,402	-	2,517,402	-
	15,387,649	-	15,387,649	-

Unrealised gains on financial assets at FVTPL represents the gains made on swap transactions carried out with the Central Bank of Nigeria during the year. The corresponding asset is shown in Note 16.

11 Net foreign exchange gains

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Net foreign exchange gains	92,796,051	8,736,293	92,796,051	8,732,124
	92,796,051	8,736,293	92,796,051	8,732,124

Net foreign exchange gains represent exchange gains on the monetary assets of the authority during the year as a result of fluctuations in exchange rate.

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12 Other income

	Group	Group	Authority	Authority
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	N '000	N '000	N '000	N '000
Gain on disposal of fixed assets	2,011	767	2,011	767
Fund management fee income	661,866	37,633	661,866	37,633
Other income	2,230	-	-	-
	666,107	38,400	663,877	38,400

13 Operating and administrative expenses

		Group	Group	Authority	Authority
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		N '000	N '000	N '000	N '000
Personnel expenses	13.1	1,358,785	1,066,260	1,358,785	1,066,260
Depreciation and amortisation		79,853	87,162	73,085	87,162
Audit fees		30,000	22,750	20,000	15,000
Other professional fees		317,294	646,386	322,422	201,421
Non-executive directors expenses		-	56,541	-	56,541
General and administrative expenses		316,755	289,226	237,759	187,923
Office rent and other expenses		108,402	94,448	108,402	94,448
Travel expenses		121,452	70,846	121,452	70,846
		2,332,541	2,333,619	2,241,905	1,779,601

Included in other professional fees is N34.3million (2015: N38.3million) for the Group and N34.3million (2015: N38.3million) for Authority which represents non-audit services provided by the external auditors to the Group and the Authority. In the Authority's opinion, the provision of these services did not impair the auditor's independence and objectivity.

13.1 Personnel expenses

	Group	Group	Authority	Authority
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	N '000	N '000	N '000	N '000
Salaries	949,071	675,979	949,071	675,979
Defined contribution plan	65,691	61,208	65,691	61,208
Other allowances	344,023	329,073	344,023	329,073
	1,358,785	1,066,260	1,358,785	1,066,260

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14 Taxation

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Tax incurred and paid	132	15,496	-	-
Total tax expenses	132	15,496	-	-

This represents the tax deducted at source on investment income due to the Group. These are taxes deducted on income made by the subsidiary incorporated outside Nigeria. The rates of these taxes vary and depends on the jurisdiction the income was made. The amounts paid represents the final tax liability on the income. Income accruing to the authority and wholly owned subsidiaries is exempt from all forms of taxes in line with the Nigeria Sovereign Investment Authority Act. Accordingly, tax paid by the foreign subsidiary is disclosed above.

15 Cash and cash equivalents

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Cash	114	133	114	133
Bank balances	58,083,586	24,099,268	50,892,532	22,826,036
Money market placements	90,184,206	13,884,131	90,184,206	10,087,299
	148,267,906	37,983,532	141,076,852	32,913,468

16 Investment securities

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Held to maturity investments 16.1	17,137,104	20,672,575	17,137,104	20,672,575
Loans and receivables 16.2	100,693,485	30,230,299	100,693,485	30,230,299
Available for sale investments 16.3	119,121,852	113,479,673	103,431,937	103,249,573
Financial assets at fair value through profit or loss 16.4	12,870,247	-	12,870,247	-
	249,822,688	164,382,547	234,132,773	154,152,447

16.1 Analysis of HTM investment securities

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Eurobonds	17,137,104	20,672,575	17,137,104	20,672,575
	17,137,104	20,672,575	17,137,104	20,672,575
Maturity analysis:				
Current	-	11,177,085	-	11,177,085
Non-current	17,137,104	9,495,490	17,137,104	9,495,490
	17,137,104	20,672,575	17,137,104	20,672,575

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16.2 Loans and receivables

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Fixed deposits	100,693,485	30,230,299	100,693,485	30,230,299
	100,693,485	30,230,299	100,693,485	30,230,299
Maturity analysis:				
Current	100,693,485	30,230,299	100,693,485	30,230,299
	100,693,485	30,230,299	100,693,485	30,230,299

16.3 Analysis of available for sale investment securities

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
US treasury notes	24,660,440	9,952,654	24,660,440	9,952,655
Available for sale equities	30,596,778	16,981,113	14,906,863	6,751,012
Available for sale securities	-	45,379,687	-	45,379,687
Hedge funds and long only equity managers	63,864,634	41,166,219	63,864,634	41,166,219
	119,121,852	113,479,673	103,431,937	103,249,573
Maturity analysis:				
Non-current	119,121,852	113,479,673	103,431,937	103,249,573
	119,121,852	113,479,673	103,431,937	103,249,573

Reconciliation of available for sale financial assets

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Opening balance	113,479,673	97,315,725	103,249,573	88,040,883
Additions/(disposals)				
US treasury bills	14,707,785	69,146	14,707,785	69,146
Available for sale equities	7,103,099	2,453,991	1,786,562	414,612
Available for sale securities	(29,759,689)	(3,925,925)	(29,759,689)	(3,925,925)
Hedge fund and long only equity managers	(18,339)	4,912,500	(18,339)	4,912,500
Fair value gains / (losses)				
Movement in fair value reserves	13,609,323	12,654,236	13,466,045	13,738,357
Closing balance	119,121,852	113,479,673	103,431,937	103,249,573

16.4 Financial assets at fair value through profit or loss

The balance shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria during the year. The notional amount of \$100million represents the balance as at the end of the year, which is the amount of the underlying assets and is the basis upon which the changes in the value were measured. The outstanding notional amount indicate the volume of transactions as at the year end and are indicative of neither the market risk nor the credit risk.

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17 Other assets

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Trade receivables	1,624,486	930,118	1,724,388	1,559,198
Prepayment	3,070,012	537,634	572,113	537,591
Intercompany receivables	-	-	5,055,646	1,743,058
Advances to staff	3,546	4,756	3,546	4,756
	4,698,044	1,472,508	7,355,693	3,844,603
Maturity analysis:				
Current	4,698,044	1,472,508	7,355,693	3,844,603
	4,698,044	1,472,508	7,355,693	3,844,603

18 Investments in subsidiaries

	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
At the beginning of the year	7,066,155	11,994,482
Additions during the year	30,000	2,000
Return of capital	-	(4,930,327)
At the end of the year	7,096,155	7,066,155
Maturity analysis:		
Current	7,096,155	7,066,155

The group had the following subsidiaries at 31 December 2016

Name of entity	Place of business/ Country of incorporation	Nature of the relationship	% of ownership interest	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
NSIA Motorways Investment Corporation (NMIC)	Nigeria	Investment holding	100	1,000	1,000
KG Brussels LP	United States of America	Investment holding	99.97	7,063,155	7,063,155
KG Acquisition I LLC	United States of America	Investment holding	100	-	-
FGF Private Equity Co. Ltd	Nigeria	Investment holding	100	1,000	1,000
FGF Investments Ltd	Nigeria	Investment holding	100	1,000	1,000
Nigeria Agriculture Investment Company	Nigeria	Investment holding	100	1,000	-
FGF PE Beta Ltd	Nigeria	Investment holding	100	1,000	-
NSIA Property Investment Company Limited	Nigeria	Investment holding	100	1,000	-
NSIA Healthcare Development and Investment Company Limited	Nigeria	Investment holding	100	1,000	-
NSIA Power Investment Company Limited	Nigeria	Investment holding	100	1,000	-
Infrastructure Credit Guarantee Company Limited	Nigeria	Investment holding	100	25,000	-
				7,096,155	7,066,155

The carrying value of the investment represents the cost of shares of NMIC and/or the cash value of investment in the limited partnership (KG Brussels LP)/(KG Acquisition I LLC). All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

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18 Investments in subsidiaries (cont'd)

KG Brussels LP is a Partnership that holds a portfolio of investments in other private equity investee funds. The General Partner of the Partnership is KG Acquisition I LLC, which is owned by NSIA. NSIA is a limited partner in KG Brussels LP.

FGF Private Equity Co. Ltd is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities.

FGF Investments Ltd is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments.

NAIC-NPK is a wholly owned subsidiary of NAIC, domiciled in Nigeria. This subsidiary was set-up to invest in fertilizer.

FGF PE Beta Ltd is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities.

NSIA Property Investment Company Limited: wholly-owned subsidiary in investing in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind.

NSIA Healthcare Development and Investment Company Limited: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management.

NSIA Power Investment Company Limited: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment.

19 Investments in associate

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
At the beginning of the year	2,129,600	1,616,364	1,600,000	1,600,000
Additions during the year		-	-	-
Share of profit/(loss) of associate	289,755	124,914	-	-
Share of fair value reserves of associate	(461,502)	388,322	-	-
At the end of the year	<u>1,957,853</u>	<u>2,129,600</u>	<u>1,600,000</u>	<u>1,600,000</u>

The amounts recognised in the statement of comprehensive income are as follows:

Associates	
At 31 December 2016	<u>(171,747)</u>
Associates	
At 31 December 2015	<u>513,236</u>

Set out below is the associate of the Group as at 31 December 2016. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business. The nature of investment in associate :

Name of entity	Place of business	% of ownership interest	Measurement method
Nigeria Mortgage Refinance Company (NMRC)	Nigeria	22.7	Equity

NMRC is a government business entity and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

Set out below are the summarised financial information for NMRC which is accounted for using the equity method.

	31 December 2016 N '000	31 December 2015 N '000
Summarised balance sheet		
Assets		
Cash and cash equivalents	1,259,120	21,526,554
Placement with banks	1,443,069	
Mortgage refinance loan	8,104,246	-
AFS investment securities	29,391,930	16,825,209
Prepayments	-	92,776
Other assets	307,545	86,433
Property and equipment	246,567	149,029
Intangible assets	36,136	1,870,564
Total assets	<u>40,788,613</u>	<u>40,550,565</u>

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Liabilities		
Accounts payables	339,177	198,592
Company income tax	13,006	-
Term loan	24,268,660	23,303,888
NMRC fixed rate bonds	7,542,865	7,730,039
Total liabilities	32,163,708	31,232,519
Capital and reserves		
Share capital	6,944,290	6,944,290
Retained earnings	1,343,320	497,590
Statutory reserves	527,694	165,121
Available for sale reserves	(190,399)	1,711,045
Total equity	8,624,905	9,318,046
Total liabilities and equity	40,788,613	40,550,565

Summarised statement of comprehensive income

	31 December 2016	31 December 2015
	N '000	N '000
Interest income	5,176,768	3,163,592
Interest expense	(2,153,901)	(1,074,663)
Other income	6	-
Impairment of loans and advances	(38,467)	-
Depreciation and amortisation	(92,558)	(47,230)
Personnel expenses	(882,562)	(592,499)
Operating expenses	(719,827)	(898,797)
Income tax expense	(13,006)	-
Profit for the period	1,276,453	550,403
Other comprehensive income	(428,350)	1,711,045
Total comprehensive income	848,103	2,261,448

The information above reflects the amounts presented in the financial statements of the associate (and not NSIA's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate.

	Group 31 December 2016	Group 31 December 2015
	N '000	N '000
Summarised financial information		
Net asset of associate	8,624,905	9,383,550
Group share of net asset (22.7%)	1,957,853	2,129,600
Carrying value of associate	1,957,853	2,129,600

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20 Property and equipment

Group	Motor vehicles N '000	Computer equipment N '000	Office equipment N '000	Furniture and fittings N '000	Assets under construction N '000	Total N '000
Cost						
As at 1 January 2015	140,812	89,625	1,191	75,044	3,587,495	3,894,167
Additions	10,554	4,775	270	1,364	4,003,526	4,020,489
Disposals	(22,735)	-	(390)	(380)	-	(23,505)
As at 31 December 2015	128,631	94,400	1,071	76,028	7,591,021	7,891,151
As at 1 January 2016	128,631	94,400	1,071	76,028	7,591,021	7,891,151
Additions	10,000	21,241	704	953	8,531,271	8,564,169
Disposals	(18,000)	-	-	-	-	(18,000)
As at 31 December 2016	120,631	115,641	1,775	76,981	16,122,292	16,437,320
Accumulated depreciation						
As at 1 January 2015	53,079	43,570	422	24,223	-	121,294
Charge for the year	36,212	30,775	288	15,251	-	82,526
Disposals	(13,274)	-	(82)	(173)	-	(13,529)
As at 31 December 2015	76,017	74,345	628	39,301	-	190,291
As at 1 January 2016	76,017	74,345	628	39,301	-	190,291
Charge for the year	38,666	20,310	389	15,370	-	74,735
Disposals	(14,770)	-	-	-	-	(14,770)
As at 31 December 2016	99,913	94,655	1,017	54,671	-	250,256
Net book values						
As at 31 December 2016	20,718	20,986	758	22,310	16,122,292	16,187,064
As at 31 December 2015	52,614	20,055	443	36,727	7,591,021	7,700,860

Authority	Motor vehicles N '000	Computer equipment N '000	Office equipment N '000	Furniture and fittings N '000	Assets under construction N '000	Total N '000
Cost						
As at 1 January 2015	140,812	89,625	1,191	75,044	-	306,672
Additions	3,662	4,775	270	1,364	-	10,071
Disposals	(22,735)	-	(390)	(380)	-	(23,505)
As at 31 December 2015	121,739	94,400	1,071	76,028	-	293,238
As at 1 January 2016	121,739	94,400	1,071	76,028	-	293,238
Additions	10,000	21,241	704	953	-	32,898
Disposals	(18,000)	-	-	-	-	(18,000)
As at 31 December 2016	113,739	115,641	1,775	76,981	-	308,136
Accumulated depreciation						
As at 1 January 2015	53,079	43,570	422	24,223	-	121,294
Charge for the year	34,554	30,775	288	15,251	-	80,868
Disposals	(13,272)	-	(82)	(173)	-	(13,527)
As at 31 December 2015	74,361	74,345	628	39,301	-	188,635
As at 1 January 2016	74,361	74,345	628	39,301	-	188,635
Charge for the year	31,898	20,310	389	15,370	-	67,967
Disposals	(14,770)	-	-	-	-	(14,770)
As at 31 December 2016	91,489	94,655	1,017	54,671	-	241,832
Net book values						
As at 31 December 2016	22,250	20,986	758	22,310	-	66,304
As at 31 December 2015	47,378	20,055	443	36,727	-	104,603

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20 Property and equipment (cont'd)

Maturity analysis:

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Non current	16,187,064	7,700,860	66,304	104,603
	16,187,064	7,700,860	66,304	104,603

21 Intangible assets

Group & Authority Cost	Software N '000	Total N '000
Balance at 1 January 2016	24,503	24,503
Additions	-	-
Balance at 31 December 2016	24,503	24,503
Amortisation		
Balance at 1 January 2016	18,764	18,764
Charge for the year	5,118	5,118
Balance at 31 December 2016	23,882	23,882
Net book values		
Balance at 31 December 2016	621	621
Balance at 31 December 2015	5,739	5,739

The Group's intangible assets are purchased and not internally generated

Maturity analysis:

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Non current	621	5,739	621	5,739
	621	5,739	621	5,739

22 Trade and other payables

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Trade payables	1,426,533	921,099	1,426,533	921,099
Accruals	210,302	295,757	77,255	290,008
Other payables	1,993,196	3,010,787	2,214,700	2,891,234
Payables to Federal Government in respect of the Second Niger Bridge (Note 25)	20,459,530	11,560,866	-	-
	24,089,561	15,788,509	3,718,488	4,102,341
Maturity analysis:				
Current	3,630,031	15,788,509	3,718,488	4,102,341
Non-current	20,459,530	-	-	-
	24,089,561	15,788,509	3,718,488	4,102,341

23 Equity and reserves

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Contribution by Government	204,375,000	155,250,000	204,375,000	155,250,000
Retained earnings	147,845,348	17,466,251	147,172,616	17,738,425
Fair value reserve	36,661,142	23,513,074	36,062,294	22,596,249
Currency translation reserve	7,958,502	1,653,739	-	-
Non-controlling interests	4,623	3,213	-	-
	396,844,615	197,886,277	387,609,910	195,584,674

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23.1 Contribution to Government

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Opening balance	155,250,000	155,250,000	155,250,000	155,250,000
Additions during the year	49,125,000	-	49,125,000	-
Closing balance	204,375,000	155,250,000	204,375,000	155,250,000

An additional sum of \$250million (N49billion), which had been approved by National Economic Council ("NEC") in November 2015 was received by the Authority in February 2016 as additional capital contribution by the three tiers of government.

23.2 Retained earnings

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Opening balance	17,466,251	5,691,084	17,738,425	5,532,544
Profit for the year	130,379,097	11,775,728	129,434,191	12,205,881
Contribution to NCI (2015)	-	(561)	-	-
Closing balance	147,845,348	17,466,251	147,172,616	17,738,425

23.3 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired. The amounts presented within other comprehensive income are the gross amounts as the Authority is exempted from income taxes.

	Group 31 December 2016 N '000	Group 31 December 2015 N '000	Authority 31 December 2016 N '000	Authority 31 December 2015 N '000
Items that may subsequently be reclassified to profit or loss				
Opening balance	23,513,074	10,470,202	22,596,249	8,857,892
Change in value of available- for- sale financial assets	25,969,047	12,654,550	25,825,522	13,738,357
Net amount transferred to profit or loss	(12,359,477)	-	(12,359,477)	-
Share of change in value of available- for- sale financial assets - (associate)	(461,502)	388,322	-	-
Closing balance	36,661,142	23,513,074	36,062,294	22,596,249

23.4 Currency translation reserve

The currency translation reserve includes the net cumulative change in the foreign gains or (losses) arising from translation of the financial statements of the foreign subsidiary, KG Brussels LP, into the Group's presentation currency. The amounts presented within other comprehensive income are the gross amounts as the Company is exempted from income taxes.

	Group 31 December 2016 N '000	Group 31 December 2015 N '000
Opening balance	1,653,739	116,981
Net changes in foreign currency	6,304,763	1,536,758
Closing balance	7,958,502	1,653,739

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23.5 Non-controlling interest (NCI)

This reserve shows the amount of profit or loss and other comprehensive income attributable to the non-controlling interest of the group. NCI arises as a result of an interest in K.G. Brussels L.P.

	Group	Group
	31 December	31 December
	2016	2015
	N '000	N '000
Opening balance	3,213	-
Capital contributions made by NCI	-	3,000
(Loss)/profit attributable to NCI	196	(150)
Contribution to NCI	-	561
Return of capital to NCI	-	(346)
Other comprehensive income attributable to NCI:		
Fair value reserve	(247)	(313)
Currency translation differences	1,461	461
Closing balances	<u>4,623</u>	<u>3,213</u>

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24 Capital management

The Authority is to maintain a strong capital base in order to retain the confidence of the Nigerian people and the market with a bid to sustain future developments for the business. Management monitors the return on capital by reviewing monthly performance returns from investment managers.

The management of the Authority seeks to maintain a balance between the higher return that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Authority monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Authority's adjusted net debt to equity ratio at 31 December 2016 was as follows:

	Group	Group	Authority	Authority
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	N '000	N '000	N '000	N '000
Total liabilities	24,089,561	15,788,509	3,718,488	4,102,341
Less: cash and cash equivalents	148,267,906	37,983,532	141,076,852	32,913,468
Net surplus	(124,178,345)	(22,195,023)	(137,358,364)	(28,811,127)
Total equity	396,839,992	197,883,064	387,609,910	195,584,674
Adjusted equity	396,839,992	197,883,064	387,609,910	195,584,674
Net surplus to adjusted equity ratio	-31%	-11%	-35%	-15%

25 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. NSIA is the ultimate parent of the Group.

As disclosed in note 18, NMIC, KG Brussels LP, FGF Private Equities Co. Ltd, FGF Investments Ltd, FGF PE Beta Ltd, and NAIC are subsidiaries of the Authority and are therefore related parties. NMRC is an associate of the Authority and is also a related party. The Second Niger Bridge Company Ltd is a related party to NMIC and as a consequence, the Authority. NAIC-NPK is a subsidiary of NAIC and is also a related party.

The following are the transactions with related parties during the period:

Payables to related parties:

	Group	Group	Authority	Authority
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	N '000	N '000	N '000	N '000
Payable to the Federal Government in respect of the Second Niger Bridge	20,459,530	11,560,866	-	-
	20,459,530	11,560,866	-	-

25.1 Compensation of key management personnel

The Authority's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive management of the Authority. The executive management of the Authority did not hold any shares in the Authority during or as at the end of the period. The compensation paid or payable to key management for employee services is shown below:

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Directors' remuneration and expenses:

	31 December 2016 N '000	31 December 2015 N '000
Short-term employee benefits	699,482	523,069
Fees as directors	-	25,000
Other allowances	234,208	184,471
Defined contribution plan	42,609	32,183
	976,299	764,723

25.2 Transactions with subsidiaries

The underlisted subsidiaries have the following payables due to the Authority as at the reporting date:

31 December 2016		
Type of interests	Gross amount	
	N'000	
NSIA Motorways Investments Company	Subsidiary	531,108
KG Brussels L.P.	Subsidiary	35,326
NSIA Property Investment Co. Ltd	Subsidiary	400
NSIA Power Investment Co. Ltd	Subsidiary	400
NSIA Healthcare Development and Investment Co. Ltd	Subsidiary	200
FGF Private Equity Co. Ltd	Subsidiary	250
FGF P. E. Beta Limited	Subsidiary	200
Infrastructure Credit Guarantee Company Limited	Subsidiary	68,968
NAIC-NPK Limited	Sub-subsidiary	2,497,900
FGF Investment Limited	Subsidiary	1,077,500
FGF PE Co Limited	Subsidiary	1,447,802
FGF PE Beta	Subsidiary	32,444

26 Other contracts

The investment activities of the three separate funds established by the Authority were managed by various investment managers engaged during the year.

26.1 Stabilisation fund

The Authority engaged the following investment managers through their global custodian JP Morgan for the management of the Stabilisation Fund. The list of investment managers at as at year end are as follows:

26.1.1 UBS Global Asset Management (UK) LTD

Engagement and Service

The Authority engaged UBS Global Asset Management Company as its agent and delegate to manage the investment and reinvestment of certain monies and assets, deposited from time to time by the Authority and held by JP Morgan.

Reports on Investments

UBS Global Asset Management Company provides the Authority with reports containing the transactions, valuations and portfolio performance of the account on a monthly, quarterly and annual basis.

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26.2 Future Generations Fund

26.2.1 Hedge fund

The hedge fund managers in which the Future Generations Fund is invested as at year end are stated below:

1. JHL Capital Group LLP
2. Blue Mountain Capital Management
3. Arbiter Offshore Ltd
4. AQR Capital Management

26.2.2 Commodity managers

The commodity manager in which the Future Generations Fund is invested as at year end is:

1. Jamison Capital Partners

26.2.3 Long Only Equity Managers

The long only equity managers in which the Future Generations Fund is invested as at year end are stated below:

1. Cevian Capital UK LLP
2. Edgbaston Investment Partners
3. Somerset Capital Management LLP
4. Marathon Asset Management LLP
5. Capital Group
6. Prince Street Institutional Ltd
7. Prince Street Opportunities Ltd
8. Chieftain Capital

26.2.4 Private equity partners

The private equity fund in which the Future Generations Fund is invested as at year end are stated below:

1. Z Capital Partners
2. Healthcare Royalty Partners
3. Xenon Private Equity
4. Helios Investment Partners
5. Africa Capital Alliance
6. Actis Capital

26.3 Nigeria Infrastructure Fund

26.3.1 Private equity Partners

The private equity fund in which the Infrastructure Fund invested as at year end are stated below:

1. Fund for Agricultural Finance in Nigeria

26.4 Nigerian equities

A portion of the Infrastructure Fund was invested in the following Nigerian equities:

1. MTN Nigeria Communications Limited
2. Nigeria Mortgage Refinance Company

26.5 Custodians

Custodians	JP Morgan
	Stanbic IBTC

Engagement and Service

The Authority engaged these firms to provide custody services, as well as accounting, performance and compliance services to capital managed by the Authority.

Reports on Investments

The custodians provide reports to the Authority on the performance of the capital custodied by said firms on a monthly basis.

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27 Commitments

(a) Capital commitments

The Authority's unfunded commitments with private equity fund managers are as follows:

Capital commitments - US\$:

	Authority	Authority
	31 December	31 December
	2016	2015
	\$ '000	\$ '000
HealthCare Royalty Partners (HCRP)	14,398	14,777
Z Capital Partners	6,813	9,476
Nigeria (FAFIN)	3,459	4,007
Helios Investors	5,165	5,902
Africa Capital Alliance	-	8,799
Actis Africa Real Estate	8,705	9,296
Total	38,540	52,257

Capital commitments - Euro:

	Authority	Authority
	31 December	31 December
	2016	2015
	Euro '000	Euro '000
Xenon Private Equity	2,888	3,482

As disclosed above, the Authority has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$38.5 million and Euro 2.8 million (2015: US\$52.3 million and Euro 3.5 million). The Authority's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Authority has recorded the commitments as being current in accordance with the underlying legal documents. The Authority has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

(b) Operating Lease Commitments - Group Company as Lessee:

The Group leases its head office under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. These lease payments are payments made in advance and thus no minimum lease payments are required to be shown.

28 Other fiduciary activities

The sums of USD\$200 million and USD\$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc. ("NBET") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bride Project on the authority of the Federal Government. The fair value of the Managed Funds as at 31 December 2016 stood at USD362.04 million and USD128.67 million for NBET and DMO respectively (2015:\$525 million) while N529 million income (2015:N38 million) has been accrued by the Authority from the fiduciary agreement activities as of 31 December 2016.

A total sum of N8.94 billion have been received from the Federal Government Stabilization Account via the Office of the Accountant General of the Federation ("OAGF"). NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilization Fund of the Authority. The fair value of the Fund as at 31 December 2016 was N10.17 billion.

The assets and liabilities of the Funds have been excluded from these financial statements as they are not assets and liabilities of the Authority

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29 Events after the reporting period

Subsequent to the reporting date, the sum of US \$250million was approved at the National Economic Council meeting of February 2017 as additional capital contribution by the three tiers of government to the Authority.

The Board of Directors of the Authority was nominated at the National Economic Council meeting of February 2017 and approved by the President in March 2017. The Board is yet to be inaugurated as at the time of approval of these financial statements.

Other than the above, there were no events that had impact on the amounts and disclosures in the financial statements.

Other national disclosures

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Value added Statement

	Group		Group		Authority		Authority	
	31 December		31 December		31 December		31 December	
	2016		2015		2016		2015	
	N '000	%	N '000	%	N '000	%	N '000	%
Revenue	132,438,305		14,558,038		131,694,420		14,543,741	
Administrative expenses	(3,014,742)		(2,930,278)		(2,924,106)		(2,376,260)	
Other non-operating income	666,107		38,400		663,877		38,400	
Value added	130,089,670	100%	11,666,160	100%	129,434,191	100%	12,205,881	100%
Applied as follows:								
To pay employees								
Salaries and other personnel cost	1,358,785	1%	1,066,260	9%	1,358,785	1%	1,066,260	9%
Maintenance of assets								
Depreciation and amortization	74,735	0%	82,526	1%	67,967	0%	80,868	1%
To pay government								
Taxation	132	0%	15,496	0%	-	0%	-	0%
Retained for growth and expansion								
Profit for the year	128,656,018	99%	10,501,878	90%	128,007,439	99%	11,058,753	90%
	130,089,670	100%	11,666,160	100%	129,434,191	100%	12,205,881	100%

Value added is the wealth created by the efforts of the Authority and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of further wealth.

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Four Year Financial Summary

Statement of financial position	Group 12 months ended 31 December 2016 N '000	Group 12 months ended 31 December 2015 N '000	Group 12 months ended 31 December 2014 N '000	Authority 12 months ended 31 December 2016 N '000	Authority 12 months ended 31 December 2015 N '000	Authority 12 months ended 31 December 2014 N '000	Authority 15 months ended 31 December 2013 N '000
Asset							
Cash and cash equivalents	148,267,906	37,983,532	49,920,539	141,076,852	32,913,468	43,115,273	111,924,187
Investment securities	249,822,688	164,382,547	117,746,679	234,132,773	154,152,447	108,471,837	45,114,706
Other assets	4,698,044	1,472,508	4,769,933	7,355,693	3,844,603	4,769,621	290,512
Investment in subsidiary	-	-	-	7,096,155	7,066,155	11,994,482	-
Investment in associate	1,957,853	2,129,600	1,616,364	1,600,000	1,600,000	1,600,000	-
Property and equipment	16,187,064	7,700,860	3,772,873	66,304	104,603	185,378	246,189
Intangible assets	621	5,739	12,168	621	5,739	12,168	19,777
Total assets	420,934,176	213,674,786	177,838,556	391,328,398	199,687,015	170,148,759	157,595,371
Liabilities							
Trade and other payables	24,089,561	15,788,509	6,310,289	3,718,488	4,102,341	508,323	439,677
Borrowings	-	-	-	-	-	-	1,400,000
Total liabilities	24,089,561	15,788,509	6,310,289	3,718,488	4,102,341	508,323	1,839,677
Equity and reserves							
Contribution by Government	204,375,000	155,250,000	155,250,000	204,375,000	155,250,000	155,250,000	155,250,000
Retained earning	147,845,348	17,466,251	5,691,084	147,172,616	17,738,425	5,532,544	525,158
Fair value reserves	36,661,142	23,513,074	10,470,202	36,062,294	22,596,249	8,857,892	(19,464)
Currency translation reserves	7,958,502	1,653,739	116,981	-	-	-	-
Total equity and amount attributable to equity contributors (Government)	396,839,992	197,883,064	171,528,267	387,609,910	195,584,674	169,640,436	155,755,694
Non-controlling interests	4,623	3,213	-	-	-	-	-
Total equity	396,844,615	197,886,277	171,528,267	387,609,910	195,584,674	169,640,436	155,755,694
Total equity and liabilities	420,934,176	213,674,786	177,838,556	391,328,398	199,687,015	170,148,759	157,595,371

Nigeria Sovereign Investment Authority commenced operations in October 2012 and these are its fourth set of financial statements as at 31 December 2016. Therefore, no other comparative historical information is required to be presented beyond the years shown above.

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Four Year Financial Summary

Statement of comprehensive income	Group	Group	Group	Authority	Authority	Authority	Authority
	12 months ended 31 December 2016 N '000	12 months ended 31 December 2015 N '000	12 months ended 31 December 2014 N '000	12 months ended 31 December 2016 N '000	12 months ended 31 December 2015 N '000	12 months ended 31 December 2014 N '000	15 months ended 31 December 2013 N '000
Investment income	11,895,128	5,821,745	3,920,787	11,151,243	5,811,617	3,774,168	1,395,718
Net gain on financial assets	27,747,126	-	20,606	27,747,126	-	17,232	70,467
Net foreign exchange gains	92,796,051	8,736,293	-	92,796,051	8,732,124	-	-
Total operating income	132,438,305	14,558,038	3,941,393	131,694,420	14,543,741	3,791,400	1,466,185
Investment management fees	(564,855)	(492,781)	(293,762)	(564,855)	(492,781)	(293,762)	(9,575)
Local custodian fees	(20,535)	(12,251)	(16,988)	(20,535)	(12,251)	(16,988)	(8,131)
Foreign custodian fees	(96,811)	(91,627)	(33,581)	(96,811)	(91,627)	(33,581)	(4,199)
Total investment management & custodian fees	(682,201)	(596,659)	(344,331)	(682,201)	(596,659)	(344,331)	(21,905)
Total operating profit	131,756,104	13,961,379	3,597,062	131,012,219	13,947,082	3,447,069	1,444,280
Other income	666,107	38,400	3,239,795	663,877	38,400	3,239,795	495,017
Total other income	666,107	38,400	3,239,795	663,877	38,400	3,239,795	495,017
Operating and administrative expenses	(2,332,541)	(2,333,619)	(1,644,388)	(2,241,905)	(1,779,601)	(1,679,478)	(1,414,139)
Share of profit of investments in associates	289,755	124,914	16,364	-	-	-	-
Profit before tax	130,379,425	11,791,074	5,208,833	129,434,191	12,205,881	5,007,386	525,158
Taxation	(132)	(15,496)	(42,907)	-	-	-	-
Profit for the period	130,379,293	11,775,578	5,165,926	129,434,191	12,205,881	5,007,386	525,158
Other comprehensive income:							
Items that may be subsequently reclassified to profit or loss:							
Movement in fair value reserves							
Net change in fair value	25,968,800	12,654,237	10,489,666	25,825,522	13,738,357	8,877,356	(19,464)
Net amount transferred to profit or loss	(12,359,477)	-	-	(12,359,477)	-	-	-
Currency translation differences	6,306,224	1,537,219	116,981	-	-	-	-
Share of other comprehensive income of investments in associate	(461,502)	388,322	-	-	-	-	-
Other comprehensive income for the period	19,454,045	14,579,778	10,606,647	13,466,045	13,738,357	8,877,356	(19,464)
Total comprehensive income for the period	149,833,338	26,355,356	15,772,573	142,900,236	25,944,238	13,884,742	505,694

Nigeria Sovereign Investment Authority commenced operations in October 2012 and these are its fourth set of financial statements as at 31 December 2016. Therefore, no other comparative historical information is required to be presented beyond the years shown above.